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Part 7

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 675

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1984 FOR PROCUREMENT, FOR RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AND FOR OPERATION AND MAINTENANCE, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR FOR THE ARMED FORCES AND FOR CIVILIAN PERSONNEL OF THE DEPARTMENT OF DEFENSE, AND FOR OTHER PURPOSES

PART 7
PREPAREDNESS

APRIL 6, 12, 14, 21, 27, 28, 1983

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

WEDNESDAY, APRIL 6, 1983

U.S. Senate,
Subcommittee on Preparedness,
Committee on Armed Services,
Washington, D.C.

DEPARTMENT OF DEFENSE READINESS POLICY

The subcommittee met in open session, pursuant to notice, at 2 p.m., in room 222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Wilson, and Levin.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; Christine C. Dauth, chief clerk; and Marie Chaillet, staff assistant.

Also present: Dennis P. Sharon, assistant to Senator Goldwater; Ron Kelly, assistant to Senator Humphrey; Peter D. Lennon, assistant to Senator Levin.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator Humphrey. The subcommittee will come to order.

We meet this afternoon to receive testimony on readiness matters affecting the Department of Defense. The hearing will focus on three themes: the progress made during the past 2 years in overcoming readiness deficiencies—and progress has been substantial in my view; what remains to be done to achieve and sustain acceptable readiness levels in the future; and the role that will be played by the Office of Secretary of Defense in shaping and guiding readiness policy.

We are pleased to have as our witnesses Dr. Larry Korb, the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics; Mr. Charles Groover, Deputy Assistant Secretary for Program Integration; and Mr. Paul Dube, Director of the Operations Directorate, Office of the Assistant Secretary of Defense, Comptroller.

We welcome our witnesses. I expect a number of members of the subcommittee will be here momentarily. I want to thank you, Dr. Korb, at the outset for providing us with your statement ahead of time; it is immeasurably helpful to us.

Likewise, I want to commend the Comptroller for the very excellent publication they provided us, "Operations and Maintenance

Overview, Fiscal Year 1984." I have never seen so many cardinal military facts and figures—statistics—so readily and logically laid out. I found it very useful. I suppose that is something that has been published before but I had somehow never had a chance to look at it. It is very, very good and someone put in an awful lot of work and I certainly want to thank that someone—or those "some people"—because it is very useful.

Dr. Korb, I read your statement, it is excellent. You are welcome to read it in its entirety if you wish or to proceed in any manner you choose.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE, MANPOWER, RESERVE AFFAIRS AND LOGISTICS, ACCOMPANIED BY CHARLES W. GROOVER, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MRA&L PROGRAM INTEGRATION; L. PAUL DUBE, DIRECTOR, OPERATIONS DIRECTORATE, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER; AND SALVATORE J. CULOSI, DIRECTOR, FORCE READINESS/SUSTAINABILITY REQUIREMENTS AND ANALYSIS, OFFICE OF THE SECRETARY OF DEFENSE

Dr. KORB. Thank you, Mr. Chairman, it is a pleasure to be here to discuss with you this very important subject of readiness.

As you know, the administration inherited a force structure with clearly inadequate force readiness. Secretary Weinberger determined from the outset to accord a top priority to upgrading the readiness of our existing forces. We have substantially increased the resources going to programs that directly affect readiness and are now beginning to see results.

Viewed at the unit level—which of course encompasses both the manpower and materiel aspects of readiness—we see significant improvement. Between 1981 and 1983, the percentage of individual units that were rated either fully or substantially combat ready increased from 39 to 51 percent.

However, the preponderence of this improvement is attributable to the very dramatic improvements in the defense manpower picture over the last year and a half. The pay raises in fiscal years 1981 and 1982, coupled with the increased sense of respect and gratitude that this administration has rightfully accorded to its Military Establishment, and reinforced by the soft domestic labor market, have combined to improve dramatically the quality and quantity of our new accessions and our ability to retain our good people when they finish their first and second enlistments.

PERSONNEL READINESS

I would just like to make a few comments on personnel readiness. We use four aggregate indicators to monitor and assess personnel readiness in our Armed Forces:

Strength—or the number of people we have.

Experience—or the grade and experience mix of our people.

Skills—or occupational qualifications that match job requirements.

Stability—or the number of people that remain in their units over a period of time.

The personnel readiness of Active and Reserve Forces has improved considerably over the past 2 years. Active end-strengths have increased by 115,000 since fiscal 1980 and Reserve end-strengths have increased by 160,000 during the same period.

The experience level of our forces has improved significantly during the past year because retention in both active and reserve components has increased.

Skill fill at unit level has improved as well as the quality of personnel assigned.

Finally, reduced attrition rates and improved retention have contributed to the stability and cohesion of those units.

There are several legislative items affecting personnel readiness for which we are seeking support. However, I will briefly mention only one.

While we have been successful in increasing Active and Selected Reserve strengths, we still have a serious shortfall in the Individual Ready Reserve. We are requesting an extension of the military service obligation from 6 to 8 years and IRR—Individual Ready Reserve—enlistment and reenlistment bonus authority to help alleviate this shortfall.

MATERIEL READINESS

I would like now to turn to materiel readiness. Improvements in materiel readiness have been smaller and are coming more slowly, due in part to the lengthy procurement leadtimes.

We have been very concerned about Army equipment shortages. In this year's program and budget reviews we focused on the adequacy of the proposed Army program to fill the large shortages that presently exist in POMCUS—pre-positioned war reserve stocks and unit equipment—particularly for early deploying Reserve component units. After reviewing over 200 line items comprising the largest dollar shortfalls, we recommended the addition of $658 million to Army procurement accounts in fiscal 1984 to buy personnel carriers, trucks and other tactical vehicles, engineer equipment, and electronic gear.

SPARE PARTS

Spare parts are needed to keep our weapon systems and equipment operationally ready and available both for peacetime training and for increased activity during the initial stages of conflict.

Beginning with our adjustments to the 1981 and 1982 budgets proposed by the Carter administration, this administration has substantially increased the amount of money budgeted for spares procurement each year. The total spares procurement budget in fiscal year 1984 is nearly triple what it was in fiscal year 1980.

But I must report to you that, even with our substantial funding increases for spares procurement, our 1984 budget request in this area will not satisfy 100 percent of our requirements.

The consumable spare parts, bits and pieces procured by the DOD stock fund are critical to readiness. They are used in our depot and intermediate maintenance activities to fix failed components and by the organizational maintenance people directly on the users' equipment. Although most consumable items have low unit costs, shortages of these items can keep us from repairing larger components and systems and thereby cause weapon systems downtime either directly at the organizational level or indirectly at the intermediate or depot level.

We currently have stock fund inventory deficiencies because of inadequate obligational authority to order material and because we have not provided enough additional budget authority to expand the stock fund corpus to handle the increased volume of business.

To provide the required growth in stock fund inventories, the President's 1984 budget includes $2.2 billion to procure the additional items needed to support the readiness, modernization, and force expansion initiatives scheduled to take place in 1985 and 1986.

DEPOT LEVEL REPAIR

This year's budget for depot-level repair includes funding for depot repair, overhaul and conversion of aircraft, ships, missiles, weapons, tracked combat vehicles, aircraft engines, components, and other commodity groups. It also includes funding for the installation of modifications in weapon systems and equipment. Many modifications can only be installed during overhaul of the ship, aircraft, or combat equipment. Because these installations are integrated as part of an overall work package, the funding for modifications installation is as important as depot repair funding.

The depot maintenance program included in the fiscal year 1983 President's budget provided for the full funding of requirements verified at the time the budget was formulated. However, unanticipated requirements will leave us with a depot maintenance backlog at the end of 1983. The fiscal year 1984 budget requests significant increases in funding for depot maintenance. Despite these increases, backlogs of maintenance for financial reasons are anticipated in 1984, although they will be quite small in relation to the total program.

SUSTAINABILITY

I would like now to turn to sustainability. In addition to the maintenance and spares support programs that determine the day-to-day availability and readiness of our weapon systems and equipment in peacetime, we must also be able to sustain those forces in combat should the need arise. This "combat materiel sustainability" requires additional inventories of spare parts and fuel to support much higher wartime combat activity levels, as well as the necessary stocks of munitions, tactical missiles, and other ordnance.

We inherited a woefully inadequate war reserve stockage posture. Our amendment to the Carter administration's fiscal year 1982 budget included an increase of almost $2 billion—about 38 percent—above the munition procurement funding that had been included in the 1982 Carter budget request. We have set ourselves the long-term goal of having enough combat sustainability to insure that the Warsaw Pact could not outlast us in a conventional conflict.

RPMA

I would like to move on to the subject of real property maintenance or RPMA.

The living and working conditions of our people affect our force readiness. The RPMA program provides funds for a host of functions related to the operation and maintenance of our real property and facilities, including maintenance and repair, minor construction, utility systems, and other engineering services.

The condition of our facilities has been steadily declining during the past two decades because of inadequate funding, inflation, and the increasing average age of our physical plant. At the end of 1981, our backlog of maintenance and repairs was $3.9 billion, which is $4.4 billion in today's dollars. However, in 1983 we plan to spend $3.5 billion for real property maintenance. This will not only cover our recurring costs but will also reduce the backlog. In 1984, we have budgeted $4.1 billion for this purpose and plan to reduce the backlog to a level of $3.6 billion by the end of the year.

WARTIME HOST NATION SUPPORT AGREEMENT

Finally, Mr. Chairman, let me touch on two important readiness and sustainability initiatives that have so far failed to receive congressional support—I mean our Wartime Host Nation Support Agreement with the Federal Republic of Germany and our plans to establish two additional sets of POMCUS in Western Europe.

We must rely on our allies to make considerable contributions and play an integral role in carrying out our strategy. Burden sharing has been an issue given considerable attention by both the Congress and the public, and rightly so. Under the Wartime Host Nation Support Agreement we signed last April with the Germans, they will create military reserve units dedicated to providing wartime logistics support to U.S. combat forces and pay more than half the total-term peacetime costs of that support capability.

This program, which will give us a critically needed wartime logistic support capability at a small fraction of what we would have to pay to do it with our own Active or Reserve Forces, represents a dramatic departure from the previous NATO principle that logistics is a national responsibility.

This is clearly the kind of burden sharing we and you have been seeking for so long. Unfortunately, the Congress deleted the 1983 funding we required to cover our share of the initial program cost to get started. We are again requesting approval and funds for the stockage of POMCUS sets 5 and 6.

In the 1978 meeting of the NATO heads of state, the President of the United States committed this country to provide 10 U.S. divisions on line on D-Day in NATO. Our plan for meeting this commitment—and indeed the only practical way it can be met—is to preposition two additional division sets of Army combat equipment in Western Europe. Our NATO allies, at considerable expense and domestic political cost, have acquired the real estate where these sets would be stored. The NATO alliance—through the infrastructure construction program—has financed the storage facilities. Yet, the Congress has enacted a general provision that prohibits our filling these sets of POMCUS even when the equipment becomes available to do so.

Mr. Chairman, we need to complete these two sets of POMCUS to enhance the alliance's ability to defend Western Europe. We need to fill them to meet the commitment of the U.S. Government. We need to fill them to have a stronger position in pressing the alliance further to pick up a larger share of the NATO defense burden. I urge your support of this initiative.

Ironically, the Wartime Host Nation Support and POMCUS programs have not been funded in the past by Congress because of the perception that the allies are not sharing the burden sufficiently. However, the very intent of these programs is to bring about more burden sharing in areas absolutely critical to U.S. Forces.

Mr. Chairman, that concludes my oral statement. I will be happy to answer any questions you may have.

[The prepared statement of Hon. Lawrence Korb follows:]

PREPARED STATEMENT OF LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, RESERVE AFFAIRS, AND LOGISTICS)

Mr. Chairman, I'm delighted to be here today to discuss with you the important subject of force readiness.

This administration inherited a force structure with clearly inadequate force readiness. Secretary Weinberger determined from the outset to accord a top priority to upgrading the readiness of our existing forces. We have substantially increased the resources going to the programs that affect readiness directly and are beginning to see the results. Viewed at the unit level—which of course encompasses both the manpower and materiel aspects of readiness—we see significant improvement. Between 1981 and 1983, the percentage of individual units that were rated either fully or substantially combat ready increased from 39 to 51 percent. However, the preponderance of this improvement is attributable to the dramatic improvements in the defense manpower picture over the last year-and-a-half. The pay raises in fiscal years 1981 and 1982, coupled with the increased sense of respect and gratitude that this administration has rightfully accorded to its military establishment, and reinforced by the soft domestic labor market, have combined to improve dramatically the quality and quantity of our new accessions and our ability to retain our good people when they finish their first and second enlistments. This improvement in the manpower supply situation is reflected in the manpower readiness and overall readiness of our combat units.

PERSONNEL READINESS

We use four aggregate indicators to monitor and assess personnel readiness in our military forces:

Strength—or the number of people we have;

Experience—or the grade and experience mix of our people;

Skills—or occupational qualifications that match the job requirements; and

Stability—or the number of people that remain in their units over a period of time.

The personnel readiness of active and reserve forces has improved measurably over the past 2 years. The end-strengths in each of these areas have increased and will, with your support, continue to do so in the coming year. The increase in military stenghth has been made possible by extremely successful recruiting and retention efforts. We have programmed about a 2 percent growth in both the active and reserve components for fiscal year 1984. With your continued support, we should have no difficulty in meeting our programed levels in fiscal year 1984.

Our policy has been, and will continue to be, to maintain as small an active force as national security policy and military strategy will permit. Active military people are employed only in those jobs that require immediate readiness for combat operations or combat support, and in the training and rotation base that supports the force. To this end we have been increasing the role of our reserve forces during the past several years and are requesting increased average strength for fiscal year 1984 for each guard and reserve component of each service. The cumulative collective increase since fiscal year 1980 for all reserve components is nearly 160,000 more than

18 percent growth. In the same period the Active Forces have grown by 115,000: less than a 5 percent increase.

The experience level of our forces, the second component of personnel readiness, has improved significantly during the past year because retention in both active and reserve components has increased. For example, the inventory of the active career force increased by 59,000. Reenlistment rates are up, early attrition rates are down, and the Services are meeting or exceeding their nonprior service accession goals.

The third measure of personnel readiness—skill-fill at unit level—shows gains particularly in four skill areas that have plagued us in the past: pilots, combat arms personnel, electronic repairmen, and electrical and mechanical equipment repairmen. Along with the increases in the number of personnel in critical skills, we are now attracting and retaining better qualified people. For example, 96 percent of Army combat arms NCO's now have high school diplomas.

Finally, reduced attrition rates and improved retention have contributed to improved personnel stability in our active units. We have also initiated a program in the selected reserve components to combat early attrition or reservists, which should improve stability in the reserve components.

Thus, by several measures, the overall personnel readiness of our armed forces has improved significantly. Better compensation, better public climate for military service, better training and equipment, and better leadership and morale have all contributed to the improvements. To a large extent they have been made possible by strong congressional support. I believe that with your continued support we can maintain our achievements in quality and still increase our strength and force structure.

There are several legislative items affecting personnel readiness for which we are seeking support. However, I will briefly mention only one. While we have been successful in increasing active and selected reserve strengths, we still have a serious shortfall in the Individual Ready Reserve [IRR]. We are requesting an extension of the military service obligation from 6 to 8 years and IRR bonus authorities to help alleviate the shortfall.

MATERIEL READINESS

Improvements in materiel readiness have been smaller and slower in coming, due in part to the lengthy procurement leadtimes.

We have been very concerned about Army equipment shortages. In this year's program and budget reviews, we focused on the adequacy of the proposed Army program to fill the large shortages that presently exist in POMCUS, prepositioned war reserve stocks and unit equipment, particularly for early-deploying Reserve component units. After reviewing over 200 line items comprising the largest dollar shortfalls, we recommended the addition of $658 million to Army procurement accounts in fiscal year 1984 to buy personnel carriers, trucks and other tactical vehicles, engineer equipment, and electronic gear. This equipment will go primarily to fill shortages in Reserve component units in the Rapid Deployment Force [RDF] and those deploying early to NATO, to out POMCUS sets, and to provide some theater war reserve stocks to replace combat losses.

Spare parts are needed to keep our weapon systems and equipment operationally ready and available both for peacetime training and for increased activity during the initial stages of conflict. When a weapon system component fails, it must be either repaired or replaced. Usually, repair is considerably cheaper than buying a new component. However, all components have a finite repair life, and procurement requirements are generated to replace assets condemned in the repair process as well as to accommodate demand increases, leadtime changes in the procurement process, increased force levels, and modernization.

Beginning with our adjustments to the fiscal year 1981 and fiscal year 1982 budgets proposed by the Carter administration, this administration has increased substantially the amount of money budgeted for spares procurement each year. The total spares procurement budget in fiscal year 1984 is nearly triple what it was in fiscal year 1980. However, since the spares procurement leadtimes are often 2 to 3 years, we are only beginning to see the benefits of those funding increases in terms of measured materiel readiness increases.

I must report to you that, even with our substantial funding increases for spares procurement, our fiscal year 1984 budget request in this area will not satisfy 100 percent of our requirements. The largest shortfall occurs in the Air Force where a substantial requirements growth came to light too late to be accommodated fully in the President's budget. We will give high priority to rectifying this shortfall in either a reprogramming request or in the fiscal year 1985 budget.

The consumable spare parts, bits, and pieces procured by the DOD stock funds are critical to readiness. They are used in the depot and intermediate maintenance programs to fix faulty components and by the organizational level of maintenance directly on the users' equipment. Although most consumable items have low unit costs, a shortfall of these items can cause weapon system downtime either directly at the organizational level or indirectly at the intermediate or depot level. The old adage "for want of a nail * * *" aptly describes the critical importance of consumable items to weapon system readiness.

Most consumable spare parts are financed by DOD stock funds. The stock fund was originally conceived of as a self-supporting, revolving fund that—once capitalized adequately—would require no further infusion of resources.

As in any business, continued stock fund solvency is contingent on the ability to pay our bills when due. In the mid-1970's, the stock fund generated operating cash. As we withdrew from Vietnam, the resulting shrinkage in the force structure allowed us to draw down stock fund inventories and effectively convert them to cash. In recent years, the reverse has been true. Stock fund cash has been drawn because inflation has often exceeded the assumed rate of increase in the prices the funds have paid to their vendors. The problem is compounded because we need to increase stock fund inventories to accommodate force modernization. Because the recent trend of outlays exceeding income is expected to continue, we must periodically provide additional budget authority to increase the stock fund's cash balance so it can handle the larger volume of business associated with an expanding, modernizing force, and provide increased combat sustainability.

Within the stock fund there are five separate divisions: Army, Navy, Marine Corps, Air Force, and the Defense Logistics Agency. In the past, shortfalls in one account have been made up by surpluses in another. We currently have stock fund inventory deficiencies because of inadequate obligational authority to order materiel, and because we have not provided enough additional budget authority to expand the stock fund corpus to handle the increased volume of business. To help provide the required stock fund inventories, the President's fiscal year 1984 budget includes $2.2 billion to procure the additional items needed to support the readiness, modernization and force expansion initiatives planned for fiscal year 1985–86. Failure to fund these requirements fully will adversely affect materiel readiness and delay scheduled weapon system maintenance and modification programs.

A third major determinant of materiel condition and readiness is the level of funding for depot repairs. Repair is the principal source of supply for components. Dollar-for-dollar, it has a greater and more rapid impact than procurement of new spares. It is important to note that we do not procure components as long as there will be enough "carcasses" available. In other words, the procurement requirements process assumes full funding of repair requirements. Any shortfalls in repair funding, therefore, leave a gap in spares availability that will not be satisfied. Lack of spares, of course, ultimately degrades weapon system readiness.

This year's budget for depot-level repair includes funding for depot repair, overhaul and conversion of aircraft, ships, missiles, weapons, tracked combat vehicles, aircraft engines, components, and other commodity groups. It also includes funding for the installation of modifications in weapon systems and equipment. A significant portion of modifications can only be installed at the time of overhaul of ships, aircraft, and combat equipment. Because these installations are integrated as part of an overall work package, the funding for modifications installation is as important as depot repair funding. Inadequate funding of modification installation requirements means that repair funds must be diverted to accomplish the installation at the expense of subsequent repair requirements.

Because well over half of our depot maintenance funds spend within the year appropriated, they are often the first to be trimmed in the budget process. The depot maintenance program included in the fiscal year 1983 President's budget provided for the full funding of requirements verified at the time the budget was formulated. However, unanticipated requirements will leave us with a depot maintenance backlog at the end of fiscal year 1983. The fiscal year 1984 program contains significant increases in funding for depot maintenance programs. Despite these increases, financial backlogs of maintenance are anticipated in fiscal year 1984, although they will be quite small in relation to the total program. Such backlogs do not represent a departure from the Department's goal of fully funding depot maintenance requirements where feasible, but to a large degree represent the impact of reductions from the original Reagan program.

SUSTAINABILITY

In addition to the maintenance and spares support programs that determine the day-to-day availability and readiness of our weapon systems and equipment in peacetime, we must also worry about how to sustain those forces in combat should the need arise. This "combat materiel sustainability" requires additional inventories of spare parts and fuel to support the much higher wartime combat activity levels as well as the necessary stocks of munitions, tactical missiles, and other ordnance. We refer to these inventories as war reserve stocks and we normally measure our combat materiel sustainability in terms of the number of combat days that we can support based on the demand that we could anticipate in the various wartime scenarios.

As with the readiness posture this Administration inherited, we also found that we inherited an inadequate war reserve stockage posture. That posture is austere both in absolute terms and in relation to the intelligence community's best estimates of the combat staying power possessed by the Warsaw Pact. This too is an area to which we turned our attention early. For example, our amendment to the Carter administration's fiscal year 1982 budget included an increase of almost $2 billion—about 38 percent—above the munition procurement funding that had been included in the fiscal year 1982 Carter budget request. We have set ourselves the long-term goal of having enough combat sustainability to ensure that the Warsaw Pact could not outlast us in a conventional conflict. Obviously, our combat materiel substainability is a crucial element in keeping the tactical nuclear threshold at a high level. Therefore, we do accord war reserve procurement a high priority in Defense planning and programming, and project gradual improvement in this key element of our overall combat capability during fiscal year 1984 and the outyears of the program.

In addition to the procurement of an adequate war reserve inventory to support combat sustainability, there are three other special functional programs that would be essential to our combat sustainability in certain specific theaters. We are continuing to develop our water support capability for the forces that we might have to deploy to Southwest Asia; we are developing a dedicated intratheater spare distribution system for Europe to enable us to maximize our wartime sortie generation for the total available spares inventory; and finally, we are expanding our deployable wartime medical support capability so that we can handle the volume of casualties that may confront us in some future conflict in Europe, Southwest Asia, or elsewhere.

REAL PROPERTY MAINTENANCE ACTIVITIES (RPMA)

The living and working conditions of our people affect our force readiness and sustainability. The RPMA program provides funds for a host of functions related to the operation and maintenance of our real property facilities, including maintenance and repair, minor construction, utility systems, and other engineering services. The condition of our facilities has been steadily declining during the past two decades because of inadequate funding, inflation, and the growing age of plant assets. At the end of fiscal year 1981, our Backlog of Maintenance And Repair (BMAR) was $3.9 billion ($4.4 billion in fiscal year 1984 dollars). However, in fiscal year 1983 we plan to spend $3.5 billion for real property maintenance. This will not only cover our recurring costs, but will also reduce the backlog. In fiscal year 1984 we have budgeted $4.1 billion for this purpose and plan to reduce the backlog to a level of $3.6 billion by the end of that year.

WHNS AND POMCUS

Finally, Mr. Chairman, let me touch on two important readiness and sustainability initiatives that so far have failed to receive Congressional approval. I refer to our Wartime Host Nation Support (WHNS) agreement with the Federal Republic of Germany and our plans to establish two additional sets of POMCUS in Western Europe.

In regard to WHNS, let me remind you that for some time we have recognized a serious shortage of the types of logistics support units—for example, ammunition handlers, fuel transport, installations security, POW handling—that would be essential for our combat forces to fight effectively in Western Europe. After more than 2 years of long, hard negotiations with the Federal Republic of Germany, we secured an agreement under which they—for the first time—moved away from the previous NATO principle that "logistics is a national responsibility" and agreed not only to create 93,000 manpower spaces worth of such logistics support units in their own military Reserve structure and to dedicate them to U.S. combat forces in wartime, but also agreed to share with us the costs of creating and maintaining this capability. As you know, Mr. Chairman, after we and the Germans signed this formal agreement in April of last year—after, I might add, it had been briefed to the staffs of all the interested committees, generally to very supportive reactions—the Congress refused to appropriate the funds required in fiscal year 1983 for the U.S. share of the first year implementation costs and told us in report language to terminate the program.

Mr. Chairman, if the congressional decision embodied in the fiscal year 1983 CRA is not reversed, I believe it would be a disaster for United States-Federal Republic of Germany relations and cause us to forego a real bargain solution to providing critically needed wartime logistics support to U.S. combat forces. Thus, our fiscal year 1983 Supplemental request asks for the minimal amount of money—less than $10 million—needed to get this program started in fiscal year 1983 and asks congressional blessing to proceed. I urgently solicit your support.

The second crucial readiness and sustainability issue outstanding with the Congress is the question of POMCUS Sets 5 and 6. In a 1978 meeting of NATO Heads of State, the President of the United States committed this country to provide 10 U.S. divisions on line on D-Day in NATO. Our plan for meeting this commitment—and indeed the only practical way it can be met—is to preposition two additional division sets of Army combat equipment in Western Europe. Our NATO allies, at considerable expense and domestic political cost, have acquired the real estate where these sets would be stored. The NATO alliance—through the infrastructure construction program—has financed the storage facilities; yet the Congress has enacted a general provision that prohibits our filling these sets of POMCUS even when the equipment becomes available to do so. Mr. Chairman, we need to complete these two sets of POMCUS to enhance the alliance's ability to defend Western Europe. We need to fill them to meet the commitment of the U.S. Government. We need to fill them to have a stronger position in pressing the alliance further to pick up a larger share of the NATO defense burden. I urge your support of this initiative.

Senator HUMPHREY. Thank you, Dr. Korb.

Inasmuch as this is the first meeting of the Subcommittee on Preparedness in this Congress, I want to welcome our new member, Senator Wilson. I am glad to have you with us, Pete.

Senator WILSON. Thank you, Mr. Chairman.

Senator HUMPHREY. Senator Levin, did you want to make an opening statement?

Senator LEVIN. Thank you, Mr. Chairman. I do have an opening statement.

As we begin these hearings on the preparedness and readiness of our Armed Forces, we also must recognize the broader issues which shape our overall readiness posture—the total defense budget, its place in the Federal budget, our budget deficits, the general economic strength of our Nation.

The Congressional Budget Office whose prediction is generally more accurate than any administration's forecasts that the fiscal 1984 Federal deficit will be $200 billion. We can anticipate crushing deficit burdens on our economy not only in fiscal 1984 but also for several years into the future.

The President and those of our colleagues who insist that the defense budget increase being requested cannot be reduced are avoiding economic reality and are trying to escape making the difficult choices needed to put our economic and defense houses back in order.

The American people recognize the reality. They want the President to come down to Earth and face it also, instead of proposing still more expansion of our defense efforts in outer space. The reality is also being acknowledged by others on Capitol Hill—including

Senators Baker, Dole, Domenici—who all urge reductions in the rate of growth of defense spending.

DEFENSE SPENDING REDUCTIONS

Thus, with reductions in defense spending if not a certainty a likelihood, our subcommittee, Mr. Chairman, must insure that whatever cuts are best for national security come in the places which can most afford them. We must guard against false economies that only answer the short-term need of lowering the deficit this year instead of solving our readiness problems in the future. We must reject cuts which represent military false economies as well, cuts which emasculate our defense muscle in the preparedness accounts and retain the defense fat of unneeded, dubious weapon systems.

We must not cut the muscle represented by operation and maintenance funds, training and steaming days, flying hours, ammunition and depot maintenance. We tried that in the past only to discover serious shortfalls in mission-capable rates for our tactical aircraft, skilled personnel shortages, and decaying facilities.

We must also not lock ourselves now into defense spending patterns for glamorous procurement items, items which further threaten readiness in the outyears by insuring that the only funds available to cut in the future will be in the preparedness account.

The administration already began repeating the sins of the past late last year as the Los Angeles Times reported. "Squeezed by a growing Federal budget deficit on the one side and skyrocketing weapons costs on the other"—the Times wrote—"the White House agreed to chop in half the proposed 8-percent military pay increase that was designed to help offset the lure of private industry jobs for skilled personnel."

Similarly, the administration, seeking a quick and easy defense budget cut, agreed early this year to scale back a manpower increase aimed at helping to fill critical shortages in the services.

The administration has further demonstrated the incorrect defense priorities I referred to by naming several of these false economies—the 1984 budget request before us—to pay for several militarily dubious weapon systems such as the B-1 bomber, two nuclear aircraft carriers, and the MX missile in a nonsurvivable basing mode. The budget before us does a number of things which I do not believe we should accept.

One, it totally eliminates the annual pay raises for military personnel, despite last year's promise that fiscal year 1984 would be the year to catch up, not fiscal year 1985.

Despite the fact that the Air Force will not have enough pilots for the next 5 years, it underfunds the Air Force aircraft spares account. The budget cuts Navy combat crew flying hours. The budget continues significant depot maintenance backlogs, particularly in the Army and Navy. The budget funds Army tank training ammunition to only 50 percent of the annual requirement. Those are some examples of where we have robbed our readiness account, and there are many other examples.

Now, instead of such self-defeating reductions, Mr. Chairman, we should cut the unnecessary "big ticket" programs which will not contribute to our national security or military capability, that will cement in so much outlay in the outyears that continued staggering deficits are assured.

I believe we should face up to these responsibilities now, Mr. Chairman. I think the responsibilities particularly of this subcommittee are immense because we have an obligation—and you as chairman have been in the leadership of carrying out this obligation—of making sure that our readiness is strengthened and remains unimpaired.

That challenge is going to get greater this year, and greater next year than this year, and greater the third year than the second because of these tremendous investments.

I know that you are going to continue to try to strengthen our readiness accounts. I am going to continue in that vein certainly because I think otherwise we will be making a very, very serious mistake in terms of our priority.

Senator HUMPHREY. Thank you, Senator Levin. I commend you for this constructive analysis.

Mr. Secretary, I said at the outset that I think significant progress has been made and I think it is undeniable. Yet, at the same time there are some worrisome trends—the matter of backlog depot maintenance Air Force spares and some other things.

What do you have to say to the critics who contend that, "Well, yes, we have done reasonably well in the last 2 years but perhaps we are seeing a flattening of the O&M curve" and that we are about to repeat the lessons of the past where we have put too much emphasis on modernization and procurement and not enough on O&M so that we ended up with aircraft minus engines, ships unable to sail, and all that kind of stuff that added up to hollow armies and inadequate navies, and an air force incapable of performing its mission.

What do you say to that criticism that we are not adequately preparing for O&M expenditures in the outyears beginning, say, 1985?

Dr. KORB. I think, Mr. Chairman, you have to take a look at the record of this administration since it has been in office. For example, between fiscal year 1980 and 1984 the average annual percentage growth in the budget for modernization has been just over 20 percent.

If you take a look at our sustainability accounts—again using 1980 as the baseline—the compound annual growth has been nearly 21 percent.

Senator HUMPHREY. What period are you speaking of?

Dr. KORB. That is 1980 to 1984, using 1980 as a baseline compared to the 1984 budget that you have before you.

If you take a look at our readiness accounts you see that in terms of procurement for material readiness we have gone up by about 18 percent. In terms of the procurement area it is pretty well balanced.

Now, what happens is, I think a lot of people only focus on the O&M accounts and look at materiel readiness in the O&M account. They forget that procurement also buys you readiness. I think that is why they draw an erroneous conclusion.

The fact is that less than 40 percent of our combat units were rated ready for combat—C-1 or C-2—when we came into office, now we are over 50 percent. We have not even seen the effects of a lot of the funding that we have requested and the Congress has given us for the last couple of years.

Mission capable rates for tactical aircraft—a subject of deep concern to the administration and to the Congress—are projected to be up for all the services over the next 4 to 5 years. So, we think that we have a balanced program.

However, I think that this program can be unbalanced if people were, for the wrong reasons, to make cuts in some of these accounts. That could cause us a problem. So, we think we have presented a balanced program that balances modernization with readiness and sustainability.

Senator HUMPHREY. Well, there is no doubt that there are real increases, have been real increases, over previous budgets and that is good. But the real yardstick of measurement is percentage of requirement. How closely are we coming to meeting the necessary requirement?

Would you care to comment from that point of view on the 1984 budget?

NAVY TACTICAL AIR

Dr. KORB. Well, mission capable rates for Navy tactical air were 59 percent in 1981, while for fiscal year 1984 we project about 65 percent. For 1982 when we see the results of some of the money we are requesting in 1984, we expect the mission capable rates of Navy tactical aircraft to be 72 percent. So, I think we are on the right track.

We project Air Force mission capable rates to go up not quite as dramatically but we do not see it going down. We see it basically going up a little bit from where it was in fiscal year 1981.

So, we think that we are going up at a measured pace. Obviously, we would like to go faster. We would also like to modernize our force faster but we cannot have everything that we would like all at once.

DEPOT MAINTENANCE BACKLOG

It is true, as Senator Levin pointed out, that we have a depot maintenance backlog. But it is a smaller one than when we came into office. We recognize that, given the reductions that the Congress has made and the administration has made in their 5-year program, that this was something that we could live with in this particular area.

Senator HUMPHREY. I want to just go through your testimony here during my time, and I will be alternating with the other members. Let me just go through your testimony as I have opportunity to do so.

PERSONNEL READINESS

On page 2 you address the matter of personnel readiness. At the bottom of the last paragraph you say that, "The experience level of our forces, the second component of personnel readiness, has improved significantly."

Well, we know that we are recruiting higher quality. We are more successful in retaining the better people. But how do you quantify the improvement in the experience level? Do you have a figure, a statistic on that, a kind of yardstick?

Dr. KORB. Since we have been in office the active force has grown by about 2.5 percent. The career force—that is E-5's to E-9's, or people with more than 4 years of service—has grown more than twice as rapidly.

Senator HUMPHREY. Do you have a specific figure on that?

Dr. KORB. Yes; as I mentioned in my statement, the active career force—this is people with more than 4 years of service—has increased by 59,000.

NCO's and petty officers—E-5's through E-9's—have increased by 38,000.

Senator HUMPHREY. So, we have a greater experience level, presumably a greater leadership capability now than we had a few years ago by virtue of better retention and better training, for that matter. We are devoting more time and money to individual training, are we not, as opposed to 2 or 3 years ago?

Dr. KORB. Yes, we are.

INDIVIDUAL READY RESERVE SHORTFALL

Senator HUMPHREY. What about the matter—on page 3—the shortfall in the Individual Ready Reserve. Have we made any progress at all in that area?

Dr. KORB. We have improved slightly over the last couple of years by a number of administrative measures. But as we told the Congress last year—and I say to you again today—unless we do something more dramatic, which requires legislation, like extending the military service obligation, we will never begin to cut into that backlog, which is roughly about 200,000 people.

Senator HUMPHREY. I see.

Dr. KORB. If we can get the military service obligation extended; if we can get a bonus for enlistment in the Individual Ready Reserve and reenlistment, and we can go forward with our direct enlistment program into the Individual Ready Reserve—we can have the people we need by the end of a 5-year period.

Senator HUMPHREY. Have those requests been made of Congress?

Dr. KORB. Yes; they have. Unfortunately, Senator, last year they died with the pay bill. They were in the pay bill and that never got passed.

Senator HUMPHREY. Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman.

PROCUREMENT, SUSTAINABILITY, AND READINESS

Mr. Secretary, you gave us figures here this afternoon about increases in procurement, sustainability and readiness.

You are quoted in the National Journal in January as follows. You said that the Pentagon expects the operation and maintenance budget to grow during the next 5 years by about 6 percent a year after inflation, "even though procurement is going up twice as fast as that. The question persists whether these modest rates sustain the readiness level we need."

That seems to be inconsistent.

Dr. KORB. In that interview with Mr. Gordon I was referring only to the O&M account. In my answer to the Chairman, I was referring to all materiel readiness accounts which includes things like spare parts, maintenance, supply, transportation, et cetera.

That part of the procurement account that affects readiness, for example spares, support equipment, et cetera, is growing at nearly the same rate as modernization between 1980 and 1984.

Senator LEVIN. How about 1983 to 1987?

Dr. KORB. Well, I can furnish those for the record.

Senator LEVIN. Do they stay at the same level?

GROWTH IN PROCUREMENT ACCOUNT

Dr. KORB. Let me give you the figures. From 1984 to 1988 procurement for modernization is going to grow by about 8 percent.

In procurement for materiel readiness we project about 9 percent. The biggest growth in the procurement account is for sustainability—about 20 percent—for the 1984 to 1988 period.

During that period, O&M grows less than that, it grows at about 6 percent.

Senator LEVIN. So that in the next 5 years we are going to see modernization grow more quickly than readiness or sustainability.

Dr. KORB. No.

Senator LEVIN. No. Try it again.

Dr. KORB. All right.

Senator LEVIN. You can lump them together any way you want. You can take your readiness from whatever accounts you want. Give us your bottom line. If you add it all together, whatever it is.

Dr. KORB. If you take the program that we have before the Congress right now and you take the readiness and sustainability items that come under procurement and you lump them together with O&M, they are going to grow at about the same rate as procurement for modernization.

Now what happens, I think, is people who do not really understand the budget say the whole procurement account is going to grow twice as fast as the O&M account and that is correct.

Some people also further compound the issue, because in the O&M account where we fund civilian personnel, they look at that whole thing, and if you take no pay raise this year for civilians, obviously that account is not going to grow very much. I think that is part of the problem, that people are mixing up a lot of things.

Senator LEVIN. Well, the GAO says that the percent of readiness items in the procurement budget drops from 1982 to 1983 by 18 percent. Do you agree with that?

Dr. KORB. In 1982 we spent, in terms of materiel readiness, we spent $18.5 billion; in 1983 we spent $18.8 billion.

Senator LEVIN. That means you disagree.

Dr. KORB. I would then disagree because that is constant dollars. I see a slight increase in that timeframe.

Senator LEVIN. You would disagree with the GAO on that one?

Dr. **Korb**. That is correct, again using the definitions that we use.

Senator **Levin**. According to the GAO, real growths, 1980 to 1983, are as follows: O&M, 19.6 percent; procurement, 87.9 percent. Do you know where they get those figures?

Dr. **Korb**. Well, again they are taking the whole procurement account which includes procurement for modernization as well as sustainability, as well as readiness. I think that has been part of the problem that people have had in discussing this area.

DEFENSE BUDGET CUTS

Senator **Levin**. Assuming we are going to make cuts in the defense budget—an assumption I am sure you do not share but assuming we are going to make cuts—where should we make them? Should we be making them in the O&M accounts, readiness accounts; or should we be making them in the true modernization accounts? Or are you not willing to say?

Dr. **Korb**. I think that we have presented a balanced program to the Congress. If the Congress should decide that it cannot accept that program and they want either to go up or down, they ought to do it in a balanced way.

In other words, we do not want systems that we cannot operate or have enough people to maintain, whether you are adding or subtracting. We think that no matter which way the Congress goes, we would want them to do it in a balanced way.

Senator **Levin**. In the same article that I referred to, Secretary DeLauer is quoted as follows: "In the Pentagon sustainability objectives to stockpile war materiel are less important than the development of new weapons. My view is that 2 days is as good as 30 days." Do you agree with that, assuming he said it?

Dr. **Korb**. No, I do not agree with that.

[Additional information follows:]

Modernization and Sustainability Objectives

There is always danger in the use of an isolated quotation. The statement in point was made to dramatize the argument presented in the previous paragraph to the effect that our forces must have modernized equipment to fight a war in the first place.

The article's previous paragraph contains a more apt expression, "* * * modernization should take priority over readiness and sustainability in some cases." As pointed out, the lead time to build new weapons is routinely much longer than for stockage and resupply items. What is needed is a balanced capability which reflects the right apportionment of priority among force structure, modernization, readiness, and sustainability. Central to this capability is a strong industrial base which depends in turn on stable inventory objectives being met through efficient procurements. To sustain our Armed Forces we must first sustain our defense industries which are the source of materiel for all priority uses.

Senator **Levin**. Did he say it?

Dr. **Korb**. I do not know. I only know what I read in the article. I have not discussed it with him.

Senator **Levin**. That is a pretty serious statement, is it not?

Dr. **Korb**. Again, if the implication is that sustainability is not important or that one only needs to be prepared to fight for a couple of days, that is a very serious statement.

This administration's policy has been that you have to have your conventional forces both ready and sustainable if you want to have deterrence both of conventional war and nuclear war.

Senator **Levin**. I am just wondering why you have not taken that up at a high level. I mean Secretary DeLauer is at a pretty high level himself. If that is the attitude, that is indicative.

Dr. **Korb**. Again, I have never heard Secretary DeLauer express those sentiments in a meeting of the Defense Resources Board where we make those particular decisions.

Senator **Levin**. I think it would be useful for this committee to ask Secretary DeLauer whether in fact he made that statement because if so, we ought to invite him up here to talk about that. I think it is very dangerous perspective. I am afraid it is reflective, to some degree, of the highest levels of the Pentagon in terms of where we see the increases in the budget. We compute them differently. You apparently compute them differently than the GAO.

I think we ought to find out whether or not in fact he said that. I do not want to assume he said it because I read it in the Journal. I think we ought to ask him whether or not he said, "My view is that 2 days—I will add in parentheses, 'of sustainability'—is as good as 30 days."

Mr. Chairman, if you would be willing, I would like to ask Secretary DeLauer for the record whether or not he made that statement and if so, what he meant by it. Could we do that?

Senator **Humphrey**. I see no problem with that.

READINESS AND SUSTAINABILITY SHORTFALLS

Senator **Levin**. What are the shortfalls which concern you the most in readiness and sustainability?

Dr. **Korb**. Well, one of the shortfalls that concerns me a great deal is the fact that we do not have sufficient days of sustainability, so that if we got into a conventional war, we could carry on as long as our likely adversaries. That is of great concern to me.

The fact that just about half of our combat units are rated either C-1 or C-2 is a concern. I would like to see that obviously rise much higher.

However, what gives me a certain amount of satisfaction is, working together with the Congress we have seen those rates, and days of sustainability go up significantly compared to the very dark days of the late 1970's.

TANK TRAINING AMMUNITION

Senator **Levin**. What about tank training ammunition. Is it as good this year as last year?

Dr. **Korb**. In terms of days of training, or?

Senator **Levin**. Percentage of the requirement.

Dr. **Korb**. Of tank training? I will have to answer that for the record.

[The information follows:]

Dr. **Korb**. Existing assets and funded deliveries will support the same quantity of tank training ammunition for use in fiscal year 1984 that was authorized for use in fiscal year 1983. This averages out to about 136 rounds per tank crew per year.

However, the fiscal year 1984 budget request is about $45 million short of what we need to support our projected tank training requirements fully.

Senator Levin. All right. We believe it is 50 percent this year compared with 80 percent last year. If in fact we are 50 percent of our annual requirement whereas last year we were at 80 percent, would that concern you?

Dr. Korb. Yes, it would. Again it would depend upon, measured against what standard?

Senator Levin. Last year compared to this year. Would we be moving in the wrong direction?

Dr. Korb. Yes, we would.

DEPOT MAINTENANCE

Senator Levin. Depot maintenance. Last year we were at $371 million backlog; in 1982 we were at $115 million backlog according to our figures. This year we are $248 million. In other words, better than last year but still worse than in 1982.

Dr. Korb. Well, again, the requirements have grown substantially. You are not comparing apples and apples if the requirements compared to 2 years ago are much greater. So, even though the backlog is higher in absolute dollar terms, when you look at the requirements and also correct for inflation, we think we are moving in the right direction.

Senator Levin. My time is up, Mr. Chairman.

Senator Humphrey. Senator Wilson?

GUARD AND RESERVE RECRUITMENT

Senator Wilson. Thank you, Mr. Chairman.

Dr. Korb, in terms of your ability to recruit both active-duty personnel and those in the Guard and Reserve components, what comparison have you been able to make? Is there some historical trend that is discernible that shows that your ability to recruit for the Guard and the Reserve units bears a relationship to your success with respect to recruitment for active-duty personnel?

Dr. Korb. Well, it is a very complex subject because what happened was, when we transitioned to the All-Volunteer Force in 1973, the Guard and Reserve were filled up by people who had gone on 6 months of active duty and then served 6½ to 7 years in the Guard and Reserve. Many of them were still in the system.

When we moved into the All-Volunteer Force, the focus on recruiting was on Active. We did not have full-time Reserve recruiters and they just were not paying enough attention to it.

As these individuals who had joined in lieu of being conscripted began to come out of the service, the strength of the Guard and Reserve began to drop and went down by over 100,000 people. When the people were cognizant of this, then they began to put money into recruiting for the Guard and Reserve with full-time recruiters. We found that when we did that, it began to turn around.

I think that the relationship that the Guard and Reserve and the Active have in terms of recruiting success is primarily the respect which AmeriHcan people feel for young men and young women in uniform. That is the key variable which holds them together. If the military service is seen—as the President says—as an honorable profession, then in fact you will get good people in the Guard and Reserve and in the Active Force.

If you lose that respect you are going to, I think, see the problems first in the Guard and Reserve because these are volunteers. They are people who already have another job and are not as dependent, for example, on economic conditions as people in the Active Force might be.

Senator **Wilson**. You have anticipated my next question which was what the influence of joining the volunteer force was upon the Guard and Reserve units.

Your response is that the effect was over time a loss of people from Guard and Reserve units which you have then dealt with by intensifying your recruiting efforts there.

Dr. **Korb**. This subject is very, very important and oftentimes overlooked. The Guard and Reserve are made up of approximately 1.4 million true volunteers. The readiness—both personnel and materiel—is higher than it ever has been. We are quite confident that the Guard and Reserve would, if called upon, play a very meaningful role in all of our wartime types of scenarios.

RESERVE COMPONENT GROWTH

Senator **Wilson**. That was the thing, the statement on page 2 that particularly struck me, the statement, "The cumulative collective increase since fiscal year 1980 for all Reserve components is nearly 160,000, more than an 18-percent growth."

Dr. **Korb**. That is correct.

Senator **Wilson**. To what do you attribute your success in that regard? I would think that having lost the compulsion of the draft, the option of service in a Reserve or Guard unit would have been certainly less attractive to a number of people who had no interest in military service at all, and they would simply opt out.

How did you achieve this?

Dr. **Korb**. Well, I think because first of all we focused advertising on the area.

Second of all, because of international events in the late 1970's, I think Americans recognized that military power, military force, would play an important role in world politics.

Also, by giving the Guard and Reserve better equipment, more realistic training, it became something which people did not feel was just kind of a waste of a weekend. We stopped the attrition plus we brought in a lot of new people.

I think it is a combination of all of those things.

Senator **Wilson**. Have you actually done any kind of survey of those in Guard and Reserve units to detect attitudinal change?

Dr. **Korb**. Yes. We have a great deal of survey data on why people come in and why they stay in. The main thing, we find with the Guard and Reserve the reason people come in and stay in is not money. It is the fact that they feel like they are contributing to the Nation's security because it enables an individual essentially to do two things:

He or she can pursue their own chosen vocation while at the same time knowing that if the country really needs them they are prepared to go. It kind of resolves a lot of dilemmas that people have who are not sure whether they want to make the military a career but are concerned about defending the country.

Senator WILSON. Has this increase in your ability to recruit and retain reservists and guard members dealt with the problem that I perceived some years ago—and I do not know whether it is an active perception today—that Reserve units tended to get a little top-heavy? That where you were thin was at the bottom? You had, as time went on, too many people in senior billets, more applicants than you had billets.

Dr. KORB. Well, what happened was that when we lost the compulsion, as you mentioned, we were not getting any new people. So the people that stayed, in effect we had to give them overgrade waivers just to keep the bodies. As we have gotten new people, this problem has been alleviated.

But by its very nature the Guard and Reserve, because they get a lot of people with prior service, are normally older and have a higher experience level than the Active Force. They have less turnover.

RETENTION IN GUARD AND RESERVE

Senator WILSON. You may have covered this elsewhere in your statement, but I am interested in the comparative attrition between Active and Reserve and Guard units.

Dr. KORB. Well, by attrition do you mean people who do not complete their first enlistment or people who reenlist at the end of the first tour?

Senator WILSON. That is, I mean retention.

Dr. KORB. Retention, yes, I understand. The retention of the Guard and Reserve and the Active pretty much—if you compare the career people—is about the same, it is above 80 percent right now once people passed the initial tour.

After the end of the first tour it is higher in the Guard and Reserve than it is in the Active. We can furnish you the exact percentages for the record.

[The information follows:]

CONTINUATION RATES, ACTIVE VERSUS RESERVE FORCES

Following are fiscal year 1982 continuation rates for enlisted personnel in their first term (less than 6 years service) and career personnel (6 or more years service).

	Fiscal year 1982	
	First term	Career
Active	85.07	82.8
Guard and Reserve	75.7	86.7

These rates are measured based on attrition which do not include losses due to end-of-obligation or decision not to reenlist.

Senator WILSON. You have made the statement that you are really trying to employ people only in those units that are required for a minimal combat readiness in terms of national security. I would assume there are some measurable standards that relate to what you consider to be a desirable ability to mobilize in the face of crisis in one theater, or crises in two theaters simultaneously.

I would be very much interested in the comparative costs of Active duty and Reserve and Guard service, and also in terms of the costs and time required to mobilize, that is, to really be able to deploy people.

ACTIVE AND RESERVE MIX

Dr. KORB. This is a very important question. It is a subject, I know, of great interest in the Congress and in the public this year—the mix between Active and Reserve.

I think it is important to keep in mind that in the Department of Defense our policy is to go first to the private sector for manpower resources. If the job must be done in government, civilians are our first preference; if the job must be done militarily, we first look to the Reserves and only then to the Active Force, if you will, as the last resort.

Our demand for Active people is based upon the fact, for example, that we must keep certain forces forward deployed, some 300,000 people in Europe; we have ships in the Indian Ocean and the Western Pacific. Obviously, those have to be manned with Active duty personnel.

ROTATION BASE

We then look at our rotation base. You cannot keep the same people in Europe all the time or deployed in the Indian Ocean. You have to bring them back to the United States and give them jobs. That is another constraining factor.

Then we look at units that have to be deployed very quickly, and whether in fact the Reserves can deploy that quickly—like the 82d Airborne, for example.

We also look at units that we need for full-time training which could not be done by the Guard or Reserve.

Those are the criteria that we use in determining our Active and Reserve mix.

UNIT READINESS

Now, in terms of the readiness of a particular unit, assuming that you have taken care of the deployability, overseas stationing, the rotation base and the full-time training criteria, then you look at the cost and readiness of the two units. You may find out that if you take, say, an air unit and you want the Guard unit to fly as much as an Active duty unit, there are no cost savings. So, essentially, it gets pretty close.

If you are going to take a unit and let it fly less, then, of course, there are some savings. Again, we find the savings might range from 20 to 50 percent, depending upon the percentage of full-time personnel that you have to have to support it. For example, our air units are about 25 percent supported by full-time people; our ground units are about 6 or 7 percent supported by full-time people.

Senator WILSON. Thank you. Thank you, Mr. Chairman.

MATERIEL READINESS

Senator **Humphrey**. Mr. Secretary, going back to materiel readiness. On page 5 of your testimony you state, "The 1984 budget request in the area of spares procurement will not satisfy 100 percent of our requirements."

What percentage of the requirement will it satisfy?

Dr. **Korb**. It varies by service.

Senator **Humphrey**. Do you have a DOD figure for that?

Dr. **Korb**. I will aggregate it for you here in just a second.

Senator **Humphrey**. If you want to break it out, that is fine; whatever way you have it. Do we have figures for previous years in terms of percentage of requirement met?

Dr. **Korb**. If you take a look for 1981, we funded 81 percent—this is overall; in 1982 it was 82 percent.

Senator **Humphrey**. Are you sure you are reading that right?

Dr. **Korb**. That is correct.

Senator **Humphrey**. All right.

Dr. **Korb**. In 1983 it was down to 80 percent. But I might point out that one of the things that is important to keep in mind is that in our budget last year, for example, we lost about $20 billion in TOA—total obligational authority. Some of it was in this particular area. So, we ended up with about 80 percent.

For 1984 we are projecting 88 percent overall. The highest is the Army at 97 percent and the lowest is the Marine Corps at 82 percent.

UNDERFUNDING OF SPARES

Senator **Humphrey**. Obviously there is a deliberate choice here to underfund spares. What criteria are used in making that decision? I know you have hard choices to make but that one seems a strange choice to make.

Dr. **Korb**. Well, we have four pillars of military capability that we look at. We look at modernization, readiness, sustainability, and force structure.

When this administration came into office we laid down a 5-year plan that tried to move those things together. To do that, we added $116 billion in outlays to the program we inherited from the Carter administration.

We have about $50 billion of that left as a result of congressional cuts and also as a result of accommodations made by the President. Obviously, then we had to take reductions in some areas. So, while we would have liked to fund 100 percent of the spares procurement account we had to settle for 88 percent which, given the fact that we lost half of our addon, is something that we can live with.

The same way with the depot maintenance backlog. We had the depot maintenance backlog down to zero before these reductions came about.

The criteria we use includes the Joint Chiefs of Staff judgment that this is an acceptable risk, given the amount of money and the other demands.

Senator **Humphrey**. Well, it just seems with regard to improving readiness that more fully funding spare parts procurement and depot maintenance is much more highly leveraged than procurement of new systems. Would you not agree with that?

Dr. **Korb**. Well, again, I think the real question is "What level of risk are we willing to accept?" If we knew when we were going to go to war, obviously we would take care of all readiness before we did anything else—but we do not know. So we try and get an acceptable level of readiness and an acceptable level of sustainability, while at the same time modernizing our force.

READINESS AND SUSTAINABILITY OBJECTIVES

If we achieved all of our readiness and sustainability objectives right now, 4 or 5 years from now to someone sitting across the table you would say, "Why are all your weapon systems obsolete?" He would say, "Well, because we put all our resources into readiness and sustainability a couple of years ago."

Senator **Humphrey**. I understand the argument, I guess we have all heard it before.

But how, for instance, will this underfunding of spares affect operational status for F-15 fighters, as an example?

Dr. **Korb**. Well, what is going to happen is that mission capable rates, for example, for the Air Force tactical air will stay below 70 percent during this particular period. We would like it to go above 70 percent but it will stay below. That is essentially what is going to happen, it will stay at about 67 percent.

Senator **Humphrey**. Well, it just seems cheaper to maintain what you have than to add numbers, some of which you cannot keep in operational status. I suppose the problem is that in reducing buys you drive up unit costs. That is another significant problem.

Dr. **Korb**. That is correct.

CONSUMABLE SPARE PARTS

Senator **Humphrey**. How about—on the same page—consumable spare parts? You do not really say in your statement there to what extent we are funding that requirement. Can you tell us about that?

Dr. **Korb**. Well, as I point out there, the problem is that we fund consumable spares through the stock fund.

Last year we did not get as much as we asked for in the stock fund from the Appropriations Committee. That is the problem right there. If we can get the money that we need in the stock fund we can get it recapitalized, we can virtually take care of all of our requirements in the area of consumable spare parts.

Senator **Humphrey**. Right.

Dr. **Korb**. The real constraint right now is the stock fund.

Senator **Humphrey**. That is a revolving fund, right?

Dr. **Korb**. That is correct.

Senator **Humphrey**. Where did it go?

Dr. **Korb**. Well, we are increasing the force size; we are increasing operational tempos quicker.

Senator **Humphrey**. The requirements are growing faster than the fund.

Dr. **Korb**. That is correct. During the 1970's it had an excess and now it has a deficit. We were not allowed to keep the excess from the 1970's when the forces were going down. If we had been able to keep that money, we could apply it now. But we were not able to keep that.

INFLATION RATES

Senator HUMPHREY. Page 6 you make the point with respect to the stock fund that inflation has often exceeded the assumed rate of increase. This problem of underestimating inflation is one that applies all across the board.

In the area of O&M, what is being done? Are there special rates of inflation being used? What is being done to more accurately forecast and plan for, accommodate, price increases?

Dr. KORB. Well, as you know, last year the Department of Defense for the first time got separate inflation rates from the rest of the Government.

Senator HUMPHREY. Yes.

Dr. KORB. We feel that, plus the fact that the administration is getting a hold on inflation much more rapidly than we had anticipated, should eliminate the problem at least in the next couple of years.

Senator HUMPHREY. Do you use one rate of inflation, one inflation forecast, for the entire O&M budget?

Dr. KORB. I will have to defer to my colleague from the Comptroller's Office here.

Mr. DUBE. We use one wherever we do not have solid bases for using something different. We do not have to use exactly the same rate. For an example, we use a substantially higher inflation rate in budgeting for CHAMPUS cost, based on the history last year.

So, there are several examples of that. It is predominantly that same economic inflation rate.

Senator HUMPHREY. You have the flexibility, then, to apply historical rates if you think it is advisable.

Mr. DUBE. If we can support the relationship between certain historical rates and the general GNP deflator rate that is used otherwise.

Senator HUMPHREY. How often does that happen?

Mr. DUBE. There are not that many cases where we can develop a very clear relationship between one and the other. But again, as I point out, we made the mistake last year in putting the 1983 budget together of budgeting for CHAMPUS cost at a GNP deflator rate.

Now, a lot of people did not realize that until last year medical costs were at a high plane but increasing actually at roughly the inflation rate. In 1982 it just changed completely and went to close to 20 percent. So we had a solid basis for using something different there. In most cases we did not.

Senator HUMPHREY. Thank you.

With regard to the stock fund, Mr. Secretary, would you like to see that an authorized matter?

Dr. KORB. I think it is fine on a revolving-fund basis, provided that we are able to capitalize it when we need it and provided that over time we are allowed to manage it.

But the problem was that when it generated excess cash we were not allowed to use it. Now we are coming up we wish we had that excess cash. Since we do not, we have to come back to you and get it authorized.

Senator **Humphrey**. You say the President's budget includes $2.2 billion for the additional items. You are asking for a $2.2 billion increase in the stock fund, is that what you are saying?

Dr. **Korb**. That is correct.

Senator **Humphrey**. What is its present level, roughly?

Dr. **Korb**. About $15 billion, but I will have to supply that for the record.

[The information follows:]

Stock Fund

Dr. **Korb**. In fiscal year 1984, the sales associated with the revolving fund process of DOD stock funds will amount to about $45 billion. Most of these sales will be replenished through new procurements to maintain the level of inventory needed to sustain military and support operations at the current level. As you know, Congress provides direct funding to finance these sales in Operations and Maintenance accounts. Beginning in fiscal year 1983, in response to specific congressional direction, DOD will request new appropriations whenever inventory increases are required to support force modernization, modifications and readiness initiatives. In this way Congress will have a direct control over the growth of inventories for items managed in stock funds. The $2.2 billion in fiscal year 1984 is our best calculation of the cost of inventory build in that year.

Senator **Humphrey**. Thank you.

Senator Levin?

Senator **Levin**. Mr. Secretary, first let me commend you on your Force Readiness Report that you have provided us. It is a very valuable document to us and I want to thank you for it. I am sure all the members of our committee have found it to be helpful, it is a very well put-together document.

Thank you.

DEPOT MAINTENANCE

Depot maintenance, as the chairman has pointed out, is one of the cheapest forms of defense we can buy. We had a zero depot maintenance backlog goal not too long ago, for fiscal year 1983. I guess we have given up on that goal now. When are we going to reach zero depot maintenance backlog?

Dr. **Korb**. I would say if this program is accepted in its entirety, in 1986. In other words, 2 years after this particular program.

Senator **Levin**. So that our program now projects a zero backlog for 1986?

Dr. **Korb**. That is correct. That is for financial, remember.

Senator **Levin**. I understand. You indicated that there are other constraints besides financial on achieving that goal. I am wondering if you would provide for the record a list of those other constraints.

Dr. **Korb**. I will be happy to.

[The information follows:]

DEPOT MAINTENANCE

Other constraints that can impact depot maintenance backlog include operational commitments, facility capacity, manpower constraints, and the non-availability of necessary component parts.

Senator LEVIN. While we are talking about providing items for the record, would you give us for the record a list of all readiness-related activities such as depot maintenance, flying hours, training ammunition, all readiness-related activities in all parts of the defense budget where there is a shortfall in 1984 in meeting requirements or objectives.

Dr. KORB. I will be happy to.

[The information follows:]

FISCAL YEAR 1984—SECONDARY ITEM PROCUREMENT FUNDING

[In millions of dollars]

	Requirement	Funding	Shortfall	Percent-funded
Army	1,887	1,836	51	37
Navy	2,880	2,467	413	86
(Aircraft spares)	(2,385)	(2,108)	(277)	(88)
Air Force	5,776	5,000	776	87
Marine Corps	78	64	14	82
Total	10,621	9,367	1,254	88

FISCAL YEAR 1984—DEPOT MAINTENANCE, INCLUDING INSTALLATION OF MODIFICATIONS

[In millions of dollars]

	Funding	Financial backlogs	Other constraints
Army:	1,426.8	104.1	93.0
Aircraft	(381.6)	(20.0)	(42.4)
Combat Vehicles	(502.1)		(12.5)
Other	(543.1)	(84.1)	(44.1)
Navy:	7,575.3	135.8	834.9
Ships	(4,553.7)	(135.8)	(489.0)
Aircraft	(2,286.2)		(273.9)
Other	(735.4)		(72.0)
Air Force:	3,697.3	32.8	
Aircraft	(3,221.2)	(27.0)	
Other	(476.1)	(5.8)	
Marine Corps:	107.8		
Combat Vehicles	(31.4)		
Other	(76.4)		
Total	12,807.2	272.7	933.9

Above amounts exclude depot maintenance associated with war reserve materiel. Financial backlogs include backlogs for which the only constraint is financial resources. Other constraints include backlogs for which depot maintenance could not be accomplished even if funded due to constraints such as operational considerations, facility capacity, manpower constraints, the non-availability of necessary component parts, et cetra.

	Goal	Fiscal year 1984
Navy tacair aircrew training (hrs/mo)	25	21
Navy primary mission readiness (percent)	88	82.1
Air Force tacair crew training (hrs/mo)	21	20

For fiscal year 1984, our training ammunition shortfall is about $140 million.

READINESS COMPARED TO SOVIET UNION

Senator LEVIN. Are you able to give us a comparison of our readiness with that of the Soviet Union, we and our allies compared to them and their allies?

Dr. KORB. I think we probably have to furnish that for the record because we would be getting into the measurement systems for both countries. We would be getting into some, I think, pretty sensitive data, particularly with regard to the Soviet Union.

But we will be happy to provide that for the record.

[No further information was provided for the hearing record.]

Senator LEVIN. Do we know how many—without getting into the numbers—do we know for instance how many hours per month a Soviet tactical fighter pilot flies?

Dr. KORB. The intelligence agencies make estimates of the readiness of the various Soviet units, both active and reserve. They break them down. Obviously, that would be one estimate that they have to make.

Senator LEVIN. Would you give us then both classified and unclassified comparisons of various readiness activities, we and our allies, I emphasize.

Dr. KORB. We and our allies?

Senator LEVIN. Compared to the Soviet Union and their allies. Now, some of those figures will be classified, I know. But if you could also give us the unclassified—who is ahead and who is behind for those activities—it would be helpful.

You are not able to say overall on readiness whether we and our allies are ahead of the Soviet Union and their allies?

Dr. KORB. Well, I think generally we can say that we have a higher percentage of C–1 or C–2 units.

The Soviets have so many more units, that even though they may typically be less ready say, C–3 or C–4, their ability to bring these units up to C–1 can give them more overall capability.

We have chosen to keep fewer people under arms on an active basis than the Soviet Union. Because of that our units have got to be more ready than the Soviets—I would hope that they would be.

Since our strategy is defensive in nature, they would have the warning time if they were the ones to initiate hostilities, to bring up a lot of their units to full readiness. So, what we would be facing is a force that is very capable.

Senator LEVIN. So that quantitatively in force structure you are saying that they are ahead of us, but that in terms of readiness, the forces that we have—though less than the Soviets—are more ready than they are?

Dr. **Korb**. I would say generally they would be a little bit more ready, and I would expect them to be. But we can furnish you the exact figures.

[The information requested was not received in time for printing.]

Again I think it is important to keep in mind that what we are doing is using estimates. We know what our readiness is. We are making estimates of where we think the Soviets are. Also, readiness indicators are imperfect measures of only one component of overall combat capability. I think one ought to keep that in mind.

In other words, if a C–1 unit meets a C–4 unit, the C–1 unit will not necessarily win, because there are a lot of other things that go into achieving one's objectives.

Senator **Levin**. Other things being equal, you would rather have C–1 than C–4?

Dr. **Korb**. Yes, I would.

SUSTAINABILITY COMPARED TO SOVIET UNION

Senator **Levin**. What about sustainability, can you compare overall the Soviets' and their allies' combat sustainability compared to us and our allies?

Dr. **Korb**. I would say again, a certain amount of that data I know is classified, we can furnish that. But they have a large advantage over us in terms of sustainability. They are prepared to fight a much longer war than we are.

Senator **Levin**. Overall.

Dr. **Korb**. Yes.

Senator **Levin**. So you will give us the readiness items, which includes the sustainability items for the record, the comparisons—as much of that as you can unclassified.

Dr. **Korb**. Yes.

[The information requested was not received in time for printing.]

Senator **Levin**. There has been a very large growth in the requirement for Navy and Air Force aircraft peacetime operating stocks. The requirement in 1981 was $1.3 billion for the Navy; it has gone up to $2.3 billion in 1983. The Air Force requirement in 1981 was $3.2 billion and it has gone up to $4.8 billion in 1983. Those are very large increases in the requirements.

What explains that huge increase in those requirements?

Dr. **Korb**. Well, you have a couple of variables. Our increase in the readiness of the forces. The forces are now larger in terms of numbers as we are beginning to see certain new items come in to the inventory. We have created some more demanding scenarios against which we train.

Senator **Levin**. Is that a "given" for you what those requirements are and you operate from there, or do you participate in the setting of those requirements?

Dr. **Korb**. Yes, we do. We participate in setting them and we generally think those are consistent with the strategy that we have.

Senator **Levin**. In both the Air Force and the Navy there was a change in strategy from 1981 to 1983?

Dr. KORB. I would say that what you have since this administration came into office is a more demanding military strategy, higher levels of readiness for one thing; more rapid deployment times; more weapons in the inventory.

If you take a look at some of the ways in which we forecast demands, I think we are more sophisticated. This whole area of readiness was an area which really did not receive much attention in terms of analytical techniques until the late 1970's.

Senator LEVIN. That is a rather unusual figure. You may want to amplify your answer for the record, whether some are more precise in terms of the requirement, the 1981 and 1983. I will not pursue that at this time. If you want to amplify that for the record, feel free to do so.

Dr. KORB. All right.

[The information follows:]

MATERIEL REQUIREMENTS DETERMINATION

Since the late 1970's and particularly in the last two or three years, the Department of Defense has been developing increasingly more sophisticated approaches to the determination of materiel requirements, particularly for spares and repair parts. A specific example of these new approaches is the application of essentiality coding to a wide range of items. This coding permits the procurement, repair and distribution systems to give higher priority attention and service to more essential items with a corresponding improvement in readiness. Each of the Military Departments has implemented some portion of the essentiality concept and all are working to accomplish a comprehensive approach to using this methodology. DOD has also made significant progress in the development of computational models which will enable allocation of materiel procurement and repair resources by weapon system to achieve projected end item operational objectives. Implementation of these types of models has been accomplished on a selective basis for such applications as Army field level initial stockage and Navy ships fire control and communications systems. DOD is currently working on development of a comprehensive approach which will permit establishment of weapon system operational availability objectives as an integral part of the materiel requirements determination process. The Defense Logistics Agency is also participating in this effort through a major reorientation from an item/commodity management approach to a more weapon system support related management and organizational structure. We are currently constrained in making the desired degree of progress in the logistics area by antiquated computer and data processing capabilities.

Senator LEVIN. The 1984 Posture Statement states—now in the sustainability area—

> Our fiscal year 1984 to 1988 program continues to build up our inventory of war reserve munitions to the level sufficient to sustain U.S. forces in Europe and Southwest Asia, and United States and Republic of Korea forces in Korea for 60 days.

Do our European and Korean allies have similiar sustainability goals, do you know?

Dr. KORB. They have similar goals. I think the real question is: Are they as close as we are to meeting those goals?

Senator LEVIN. But their goals are the same.

Dr. KORB. Yes, they are.

Senator LEVIN. Now, was not the figure which was in the posture statement classified? I was surprised to read that in the posture statement.

Dr. KORB. As you know, the posture statement is written on a classified basis, and they have a security review group that goes and puts out the unclassified version.

Senator LEVIN. So, that is now a declassified figure, the 60 days?

Dr. **Korb**. The figure, if it is quoted from the public statement, then it is not classified.

Senator **Levin**. Was that consciously declassified?

Dr. **Korb**. I do not know.

Senator **Levin**. If it was not, will they apply the appropriate lie detector test to whoever is responsible for that one? [Laughter.]

I would like to know whether or not that was consciously declassified. We run into this all the time. We suddenly get these figures that we have been told are so highly classified we cannot even breathe them. Suddenly we find in the posture statement where the Secretary, or Under Secretary, or somebody, will tell us what the IOC is of Stealth in a public hearing.

I just about fell out of my chair because I did not even know of the existence of the Stealth and you are telling us what the new IOC is. And here suddenly we find out what our goal is in public. I am curious as to the process, as to whether or not that was a conscious declassification. Would you let us know that for the record?

Dr. **Korb**. We will. We will find out.

[The information follows:]

> Dr. **Korb**. Our sustainability goal was consciously included in the unclassified fiscal year 1984 Annual Report because it had been previously disclosed in open congressional hearings and other public releases of information.

Senator **Levin**. On the real property maintenance we noticed in a number of cases that the GAO has found a lot of yearend spending in this area. Suddenly before the year is over, right near the end of the fiscal year, we find a tremendous amount of activity in real property maintenance. It looks like what we call hurried-up spending.

I am wondering whether or not we ought to apply the provision that stipulates that no more than 20 percent of the funds in account may be obligated in the last 2 months of the fiscal year to real property maintenance activity.

Dr. **Korb**. Well, I think that one of the things that one ought to do, if you are going to do that, is to insure that the budget is passed on time, because one of our problems is that by the time we get the budget, we are already so far into the fiscal year that we have to accelerate these programs.

Senator **Levin**. You are suggesting that Congress should do something different than what we have been doing?

Dr. **Korb**. Yes, sir, I am. [Laughter.]

Senator **Levin**. You do that openly here in front of Members? [Laughter.]

You are courageous and right.

Mr. Chairman, I am wondering whether the Secretary would agree with the following statement:

> Clearly, we need to continue to modernize our major combat systems but not by trading off current capability. We must increase the resources devoted to maximizing the combat capability of forces we have already bought. In a constrained resource environment senior decisionmakers in both the executive and legislative branches of government generally tend to opt for the more visible procurement programs over readiness measures. Yet, when I visit our forces in the field I hear over and over again that their most critical need for improved readiness is more training and exercises and replacement of antiquated support equipment which consumes time, money and manpower to keep servicing.

Would you generally agree with that statement of General Jones that we generally opt for the most visible procurement programs over readiness measures?

Dr. KORB. I would agree with that statement if one took it over a long period of time, say for example the 8 years in which General Jones was a member of the Joint Chiefs of Staff. I would say that in fact that was the case.

Senator LEVIN. That we cheated readiness more than modernization?

Dr. KORB. Yes, sir.

Senator LEVIN. And now we are increasing readiness less quickly than modernization.

Dr. KORB. No; I would say that now we have a much better balance than we had during the 8 years in which General Jones was a member of the Joint Chiefs of Staff.

Senator LEVIN. My time is up. But is it not true that we are increasing readiness—even as you define it—no more quickly than we are modernization and, as the GAO defines it, less quickly?

Dr. KORB. I would say as we define it, it is increasing at about the same rate. In other words, we have a balanced program. Again as the GAO defines it, looking primarily at the O&M accounts rather than procurement for readiness and sustainability, it looks a little bit different.

But I would say compared to where you were 5 years ago it is a much better balance.

Senator LEVIN. Could I just ask one other question, Mr. Chairman—I am over my time—and then I am going to have to leave and you will save a lot more time if I ask it now than if I wait.

If we in fact cheated readiness more in the 1970's than we did modernization, would we not have to make up for that by spending proportionately more now for readiness than we do for modernization?

Dr. KORB. Well, as I pointed out, I think in a sense we have. You compare 1980 to 1984, for example, you find that for spares procurement—which was a real problem area the average annual percentage growth between 1980 and 1984 is almost 50 percent, 48.7 percent in fact.

Senator LEVIN. So, overall your figures are about the same, 26, 28, 24 percent increases.

Dr. KORB. That is correct. But the real problem was in spares, that is what causes an awful lot of problems.

Senator LEVIN. My time is long overdue. Thank you very much, Mr. Chairman.

Senator HUMPHREY. Senator Wilson?

Senator WILSON. Thank you, Mr. Chairman.

To pursue Senator Levin's line of questioning, is not a straight comparison somewhat misleading in that what you are necessarily concerned with in making the comparison is time—time being very much of the essence in a conflict situation, whereas readiness and sustainability—it would seem to me—are very much perishable commodities requiring almost constant attention.

That they can, if somewhat neglected—or to use his phrase, "cheated" over a period of time—be far more rapidly restored than a sophisticated weapon systems can be procured and deployed.

Are we not dealing with very different timeframes?

Dr. **Korb**. You are. But I think it is important to keep in mind that a lot of people have underestimated even the long leadtimes for things like spares. They can run up to 2 years for spares and certain munitions.

So, one has to be careful. Yes, it is true that on balance the airframe or the weapon system itself takes a longer lead time. But on the other hand you often cannot get spares or munitions much more quickly.

Senator **Wilson**. What overall factors, what criteria, are employed in this very fundamental, critical decisionmaking that allocates resources in the Defense Department between readiness, and sustainability and the development of the kind of sophisticated weaponry that presumably will have a deterrent effect and without which people like Rowny and Nitze would have a considerable disadvantage at the negotiating tables?

Dr. **Korb**. Well, essentially, what we strive for in the Department of Defense is a balanced program. For example, this administration has not added at all to the number of ground divisions that we have. We had 16 Active and 8 Reserve divisions; 8 Guard and Reserve divisions in the Army, 3 and 1 in the Marine Corps.

What we are trying to do is take that force structure and increase its capability, which means, for example, that we have to buy the tanks to fill the divisions. But we also have to insure that we have the spare parts and ammunition for these tanks and that we do it all in a balanced way.

We do not, for example, buy the last ounce of readiness of a particular unit before we move on to buying the first ounce of sustainability. In other words, you try and do them both so that if you had to use them, the unit may not be 100 percent ready in everything that it needed, but if called into combat it would not run out of ammunition in a couple of days.

So, you do it in a balanced way. It depends upon an estimate, for example, of the world situation. It depends upon your strategy that you are going to employ. It depends upon the situation that you inherited.

Clearly, because of the situation that we inherited, Secretary Weinberger made readiness his highest priority. So, in effect, if it came down to a specific tradeoff between readiness and modernization, normally he would go to readiness.

After putting a lot of money into readiness in 1981 and 1982, we may say, "OK, we have brought up the readiness of the units—more than half of them are combat ready. Let us now begin to look toward modernization of obsolete equipment."

My job is to make the Secretary aware of the readiness and sustainability implications of monetary decisions that he makes. It is with the full recognition of those implications that he decides on the appropriate, balanced program that you see before you.

PERSONNEL READINESS

Senator **Wilson**. I assume that plans exist—and that they are classified—for the need for various levels of mobilization if we were faced with a conflict at the present time.

Dr. **Korb**. That is correct. Again, you have to remember we have an active force structure; we have Guard and Reserve; we have Individual Ready Reserve; we have plans to call back retirees.

Senator **Wilson**. My question related less to personnel readiness than to materiel readiness.

Dr. **Korb**. This is not strictly in my area—our policy people have been up before the Congress on this subject—but we need to begin to revitalize our mobilization or industrial base, because if we had a surge it would take us a long time to get that going.

Senator **Wilson**. That is precisely my point. The concern I have is that while I do not anticipate necessarily an event like Pearl Harbor that would overnight plunge us into a conflict so wide in scale that we would have to engage in the kind of monumental gymnastics that were involved in converting our industrial base in early 1942 to a wartime footing, but I assume that plans exist for precisely that kind of thing.

INDUSTRIAL BASE REVITALIZATION

Dr. **Korb**. The plans exist. We test them during our mobilization exercises. My point is that it is one thing to plan and another thing actually to improve that capability.

We do have a program to begin to revitalize that industrial base. It includes such things as getting second sources on producing some of our systems. It includes preplanning and putting money into certain plants to enable them to, say, double the production of a missile within a month rather than 6 months or 2 years.

Yes, we do have those things. But the point that I need to leave you with is that it is a large problem. It will take a large amount of resources and a long period of time to revitalize our industrial base because it was virtually ignored—certainly from the end of the Korean war until the beginning of this decade.

Senator **Wilson**. In the planning that relates both to that kind of a mobilization and what you are doing for real in terms of deploying forces, maintaining the readiness and sustainability of those forces—I am probably asking the wrong person and I assume that this is also classified—a fundamental consideration has to be treaty obligations, that is, treaty obligations evaluated against potential threat and against some evaluation of the seriousness of that threat.

My question arises from the observable fact of recent years of expanding Soviet thrusts, and to virtually every part of the world which has, I am certain, escalated their costs enormously and which in turn, it seems, requires the response to escalate our own.

There has to be an evaluation at the highest levels of precisely the nature and seriousness of the threat and what resources we are going to allocate to that.

Dr. **Korb**. I think that is a key point. We size out forces—as Secretary Weinberger has said so many times—against the threat that we face. Because the Soviet Union has built up their forces inexorably over the last two decades, we feel that we have a lot of catching up to do, which is why we are requesting what many feel is too large an amount of money to deal with the situation in which we find ourselves.

As the Secretary has said many times, when he came into office he realized that there was no area of the defense budget that did not need a large infusion of funds to improve our capability—whether it was readiness, sustainability, modernization or force structure.

Of course, given Soviet actions and international instability, the likelihood of using those forces has increased. So, therefore, one has more of a sense of urgency in remedying the defects in military capability.

Senator WILSON. I think it would be interesting if you could provide, Mr. Secretary, a record statement within the limits of classification—not compromising any classified material—that would indicate the degree to which readiness and sustainability requirements have in fact been increased by Soviet activity in parts of the world over the past decade.

I still do not think that the message which the President was trying to give to the American public is adequately grasped by them in that context, wholly apart from the implications for providing some kind of strategic and intermediate force deterrent.

I think that people are vaguely aware that we or our allies have been engaged in a defensive way in conventional wars of varying sizes throughout the past decade. But I doubt that they have any understanding of what it has meant in terms of cost for us to respond.

Dr. KORB. I would be happy to do that, Senator.

[The information requested was not received in time for printing.]

Senator WILSON. Thank you, Mr. Chairman.

REPAIR REQUIREMENTS

Senator HUMPHREY. Again in your statement, Mr. Secretary—page 6 at the bottom—you make the point that the procurement requirements process assumes full funding of repair requirements. Any shortfalls in repair funding leave a gap in spares availability that will not be satisfied.

You say, "The procurement requirements process assumes full funding of repair requirements," and yet we are not fully funding repair requirements. If you look at depot maintenance, for instance.

Dr. KORB. That is correct, in a sense.

Senator HUMPHREY. So, your assumption is based on something that we already know to be faulty.

Dr. KORB. Yes, in that sense.

Senator HUMPHREY. I am not sure I get the point here.

Dr. KORB. Well, it is one thing to fix the parts. It is another thing to have the money to be able to bring the system in, to actually put the part there. This is what we are talking about in depot level maintenance.

If you bring something in and you want to do the depot level maintenance, you are going to have to have both the spares and the repairable parts.

Senator HUMPHREY. Yes.

Dr. **Korb**. We must also have the people there to do it. If the financial backlog essentially means that while we might have all the repairables we might not have the new spares, we might not have the people there to do it.

Senator **Humphrey**. I see. At the bottom of page 7 you discuss again the depot maintenance backlog and make the statement that, "Such backlogs do not represent a departure from the Department's goal of fully funding depot maintenance."

You are trying to make the point here that these are reductions made by the Congress; is that the message?

Dr. **Korb**. No, sir, it is not. What we are saying is, this is our goal but we just cannot afford it with the reductions that we have taken in our 5-year program—both as a result of the President's actions and congressional actions.

Senator **Humphrey**. Now, I am very concerned about this matter of war reserves but I think I will wait to take that up with the individual services in classified hearings.

How are we coming on upgrading our water support capability?

Dr. **Korb**. I think we are making some progress. In my long statement I think I referred to that.

Senator **Humphrey**. The bottom of page 8. You say, "we are continuing to develop our water support capability." Can you give us some idea of what we are doing, what progress we have made?

Dr. **Korb**. I will have to provide that for the record.

[The information follows:]

Water Support Capability

The Department of Defense appointed the Army as executive agent for land based water resources management on September 22, 1980. Army direction and joint service efforts have resulted in considerable progress in removing water support as a planning constraint to tactical operations. The focus has generally been on developing an adequate capability to support sustained operations in an arid environment. This type environment presents the biggest challenge due to a general lack of fresh water sources, the high ambient temperatures encountered and the great distances over which potable water must be distributed.

Congress approved fiscal year 1981 supplemental funding for $47.9M and fiscal year 1982 budget for $108.6M to be used by the services for new water support equipment to support the near-term force. Resources currently in the fiscal year 1983 budget and the approved fiscal year 1984 to fiscal year 1988 POM will be used to procure equipment and implement the necessary force structure to support the long term force by the end of the fiscal year 1987 funded delivery period.

The services are procuring Reverse Osmosis Water Purification Units, well drilling rigs, various capacity storage and distribution systems, tactical water distribution systems, semi-trailer mounted fabric collapsible tanks and small mobile chillers to meet the arid environment challenge. A successfully integrated water support system evaluation using some of this equipment was conducted at the National Training Center, Fort Irwin, in September 1982.

Initial quantities of this equipment are being delivered now and will give the services the capability to support the near-term force by the end of this calendar year. Existing Petroleum, Engineer and Transportation units are identified to operate this new equipment in the event of an immediate contingency with additional general support water units programed for the force in the out years.

INTRATHEATER SPARES DISTRIBUTION SYSTEM FOR EUROPE

Senator **Humphrey**. All right. The top of page 9, "We are developing a dedicated intratheater spares distribution system for Europe." Do you have any information on that?

Dr. **Korb**. What we are talking about here is a system that enables us to move the material around in Europe.

Senator **Humphrey**. Yes.

Dr. **Korb**. What we mean when we say "dedicated" is, we mean that that capability will not be used someplace else.

Senator **Humphrey**. Right, I understand that.

Dr. **Korb**. Intratheater airlift is what we are talking about.

Senator **Humphrey**. But you say, "We are developing such." Where are we in the stage of development, what progress have we made?

Dr. **Korb**. We are very early in developing it.

Senator **Humphrey**. Yes.

Dr. **Korb**. In other words, we have only a minimal capability. Our full capability will depend primarily upon funding for the aircraft that can provide that capability.

We started in 1983. We got some more funding in the 1984 budget, but we will not see the effects of that, obviously, until a couple of years down the road.

MEDICAL SUPPORT CAPABILITY

Senator **Humphrey**. All right. "Expanding our deployable wartime medical support capability," what does that mean specifically? Where are we?

Dr. **Korb**. What we are talking about there is the so-called MASH-type units or hospital units that we can deploy.

Senator **Humphrey**. Yes.

Dr. **Korb**. Again, this has been a program that we have seen problems with in mobilization exercises. By putting funds into it we expect to see the capability 2 or 3 years down the road to take care of the number of casualties that we expect.

Senator **Humphrey**. Have we made any progress; do you have any yardsticks?

Dr. **Korb**. There has been some progress made compared to when we started the program. But we still have a long way to go.

Senator **Humphrey**. I am trying to quantify it.

Dr. **Korb**. I think the best thing to do is to furnish you for the record the problems that we had in Nifty Nugget in 1978 as compared to Proud Sabre right now. I think that is the best way. Then to tell you what we expect to happen if the program before you was fully funded.

[The information follows:]

Medical Support

In response to this question, it is best to recap the situation regarding DOD's state of medical readiness. If we went to war today, we would only be able to provide surgery for about 1 in 10 of our wounded. If anything, these shortfalls continue to grow because of: (1) increases in the size of the forces we can rapidly deploy, which increases the potential population at risk in the combat theater; (2) increases in the conventional firepower of our potential adversaries, and thereby in their ability to inflict casualties; and (3) the ability of our potential enemies to inflict new kinds of casualties in the modern battlefield.

Exercises such as Nifty Nugget, Proud Saber, and most recently Wintex/Cimex 83, have driven home the impact of our shortfall in medical readiness. Had these exercises been real-world events, many of our casualties would have died due to our inability to care for them.

The achievement of an adequate wartime medical capability has been and remains a top DOD priority. The services have been directed to: (1) provide by end-fiscal year 1987 a wartime medical structure capable of supporting at least a 15-day evacuation policy during periods of peak demand, (2) provide by end-fiscal year 1986 the preconfigured and prepositioned (ashore and afloat) medical assets in Europe, Korea, and other strategic locations that are necessary for wartime operations for a duration long enough to allow sealift resupply, (3) accelerate procurement of deployable medical systems while maintaining current fiscal year 1985 and 1986 programs; add in fiscal year 1985 all remaining combat zone hospitals for which requirements were identified in the January 1983 Five-Year Defense Program [FYDP]; add by end fiscal year 1986 all remaining Communication Zone hospitals for which requirements were identified in the January 1983 FYDP; finally, by end fiscal year 1989 add all theater medical systems for which requirements were not identified in the January 1983 FYDP.

Currently, the services are in the process of procuring 13,810 beds of deployable medical capability. The budget before you requests funding for an additional 7,820 beds of deployable medical capability. However, as you know it will take some time before we will feel the effects of these procurements. When fielded, these programs will provide us with a much needed increase in our capability to provide combat medical care.

Senator HUMPHREY. All right. You expect to pare down the real property maintenance backlog somewhat in 1984.

Dr. KORB. That is correct.

Senator HUMPHREY. Mr. Secretary, recent press reports about the modest defense adjustments to which the President would agree included "MX program changes, inflation and fuel."

What are the changes in inflation and fuel that have taken place since the budget was presented in January?

Dr. KORB. I think the point the President was referring to is that since we submitted our budget OPEC has dropped the price of oil. The British have come in a little bit under OPEC, so that we may be able to get the oil in 1984 that we need much more cheaply.

If in fact that occurs, then there obviously can be some savings in the defense budget.

Senator HUMPHREY. Do you have numbers, the new assumption versus the old?

Dr. KORB. First of all, we always have the midyear pricing review that OMB does. I expect the President is anticipating that particular review.

If that comes out the way I suspect, then I think that he will be able to give the Congress new assumptions. But it is a little bit difficult for me to say right now exactly what the price of oil is going to be in fiscal 1984. We are projecting it at $44.94 a barrel.

Senator HUMPHREY. I wonder if we can get a more complete answer for the record on the changes in cost assumptions that were alluded to in press reports, the MX program changes, inflation and fuel.

Dr. KORB. Yes, sir, we will be happy to provide that.

[The information follows:]

INFLATION AND FUEL

Dr. KORB. No adjustments for inflation were made in the April update of the fiscal year 1984 budget. The administration has under consideration lower inflation assumptions for 1984 especially in the fuel area. If these lower inflation projections are upheld, there will likely be repricing of the budget, possibly during the Mid-Session Review in July. There has been a most welcome reduction in the inflation rate in the U.S. economy over the past several months. The President's budget submitted this past January was reduced in fiscal year 1984 by $4.5 billion as a result. Possibly in the future further reductions could be made, should the rates of inflation continue to decline.

Senator Humphrey. Thank you.

Looking at this Operation and Maintenance Overview Fiscal Year 1984, Flying Hours, total DOD rising from—this is in millions—6,514 in 1983; and rising to 6,614, a rise of 100,000 hours. That is fine, but do we have more pilots? Do we have a figure on flying hours per pilot per month, or some such things like that?

Dr. Korb. First of all, we have increased the amount of flying that people do. When we came in it was well below the standard that we needed. It was running maybe 13 or 14 hours a month. Now it is up to about 20 hours a month.

We also have more aircraft and we have more pilots.

Senator Humphrey. Yes.

Dr. Korb. We can provide the exact numbers for the record.

Senator Humphrey. Does anyone know that, have it available today, hours per month per pilot or some similar gauge?

Mr. Culosi. I have an answer here. Air crews for the Air Force tactical fighter, attack aircraft, is about 20 flying hours per month in 1984, versus 18 in 1982.

Senator Humphrey. Strategic crews are down a little though, are they not? It seems I read that somewhere. In any case, if you can provide us that figure, flying hours per month DOD-wide per pilot, compared with 1982, 1983, and 1984.

[The information follows:]

Aircrew Flying Hours

Actual fiscal year 1982 flying hours per crew for strategic aircraft were above program. This was caused primarily by the availability of fewer crews than planned in fiscal year 1982. The flying hour trend between fiscal year 1983 and fiscal year 1984 is generally upward. The figures for specific strategic aircraft are shown on the chart below along with other DOD aircraft.

FLYING HOURS PER CREW PER MONTH

Aircraft type	fiscal year 1982 (actual)	fiscal year 1983 (estimated)	fiscal year 1984 (estimated)
Navy/Marine Corps:			
A-4	16	15	17
A-6	25	25	24
A-7	23	22	22
AH-1	20	19	20
AV-8	13	16	18
CH-46	20	19	19
CH-53	19	19	17
E-2	36	33	29
EA-6	21	22	23
F-4	18	19	20
F-14	23	20	19
FA-18	NA	22	24
KA-6	27	23	20
KC-130	30	28	29
OV-10	20	20	19
P-3	43	41	41
RF-4	19	18	17
S-3	23	21	22
SH-2	22	24	21
SH-3	29	27	27

FLYING HOURS PER CREW PER MONTH—Continued

Aircraft type	fiscal year 1982 (actual)	fiscal year 1983 (estimated)	fiscal year 1984 (estimated)
UH-1	28	28	27
Air Force:			
A-10	22.9	24.5	24.8
B-52	25.1	18.3	20.9
C-5	20.7	16.7	17.7
C-130	29.9	30.1	29.4
C-135	17.3	16.4	16.8
C-141	30.3	35.7	35.9
F-4	15.2	15.5	17.3
F-15	15.7	18.2	19.1
F-16	15.8	18.6	20.0
F-111	17.8	17.9	18.7
FB-111	16.9	12.8	14.5

Senator Humphrey. Another yardstick that concerns me, ship operations, on page 25 if any of you have this document.

SHIP OPERATIONS

Op tempo days per quarter, active fleet. The nondeployed fleet in 1982, 26.9 days per quarter, and in 1984, 29 days. So, that is up 2.1 per quarter. The deployed fleet, however, is flat.

There is no improvement there, Mr. Secretary, is there? How much of a problem does that present?

Dr. Korb. Well, what we are talking about here when we are talking about the operating tempo of the deployed fleet, that means that the operational commitments are somewhat lower than they were 2 years ago. You have to remember that 2 years ago the situation—particularly in Southwest Asia—was very tense. You have things that happened, world situations that happened.

That does not really affect our readiness, only to the extent of that if you have to increase the number of hours that are deployed, it could hurt readiness if people are not able to do training.

But that is just an estimate. That could change if in fact the world situation in fiscal 1984 is such that we have to keep our ships on station longer periods of time.

LEBANON

Senator Humphrey. How does the Lebanon situation affect your judgment in that area?

Dr. Korb. Well, obviously if that situation were to flare up again you would have to keep the ships deployed. The operating tempo days per quarter would increase for the 6th Fleet and that would probably drive up the numbers.

Then, of course, if you take a look at what you are referring to—as I understand it here—is the costs. The costs are depending not only on how much time it stays out but how much we are paying for the fuel and the number of steaming hours. Underway steaming hours, for example, for 1984 is estimated to go up to 810,000 as compared to 757,000, for example, in 1983 for the active fleet.

Senator **Humphrey**. The last area, Mr. Secretary, the aging of our weapon systems. In regard to the Air Force, the average age of some 9,500 aircraft is 14 years and the fleet is averaging aging 6 months per year.

Our procurement rate evidently is not sufficient to arrest this slow aging process. What are the administration's thoughts in this regard?

Dr. **Korb**. Well, I think that that particular statistic is an indicator of what happens when one has to cut back in your planned program. As I mentioned, we had added $116 billion. We are now down to $50 billion left, and because of that we will not be able to replace the weapons as rapidly as we thought.

It is also important to keep in mind, though, that in a particular fiscal year the number of planes coming into the inventory is a product of decisions made a couple of years ago. I would expect as a result of decisions made since this administration has been in office, that number to drop in about a year from now or 2 years from now as the planes we bought come into the inventory.

Senator **Humphrey**. Very well.

Thank you, Mr. Secretary, for your assistance today. I again want to commend the administration for substantial progress, most of which has gone unreported and is unappreciated by the American people.

Perhaps the President could help build support for his defense programs by focusing and pointing out some of these improvements which perhaps sound a little mundane on the surface when you talk about spare parts and things like that, but because there have been some pretty dramatic changes in trends and some pretty dramatic improvements in this area and the kinds of things that people can understand, I think it is not esoteric at all.

I think the administration would do well to point out more extensively its success in these areas if you could have some charts drawn up. This is not a formal request, just a suggestion. But I mean, if you can show the reverse in these trend lines, that tells a lot quickly.

I think we have made substantial progress. At the same time I share Senator Levin's concern that we are not fully anticipating the extra operating and maintenance expense for some of these new weapon systems and that perhaps we are even shorting the O&M area to bolster procurement.

I surely do not want to see us fall into the "ditch" from which we are just now emerging after so much pain and difficulty. I know you feel that way too. I am afraid that we might be getting a little bit too close to that ditch for comfort.

Thank you all very much.

Dr. **Korb**. Thank you, Mr. Chairman.

Senator **Humphrey**. Additional questions will be submitted in writing to be answered for the hearing record.

[The questions, with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

AIRCRAFT PEACETIME OPERATING STOCKS

Senator LEVIN. Dr. Korb, the fiscal year 1984 force readiness report shows dramatic growth in the requirement or aircraft peacetime operating stocks.

From fiscal year 1981 to fiscal year 1984, the dollar requirement for aircraft peacetime operating stocks in the Navy grew by 82 percent. During this same period, the inventory of Navy aircraft grew by only 4.6 prcent, and the Navy's total number of flying hours grew by 4.9 percent.

During the same period, the dollar requirement for peacetime operating stocks in the Air Force grew by 80 percent, at a time when the inventory of the Air Force aircraft grew by only 3.9 percent and the Air Force flying hour program grew by 11.9 percent.

Funding for peacetime operating stocks has increased even more drastically from fiscal year 1981 to fiscal year 1984, Navy funding has grown by 92 percent, Air Force funding by 114 percent.

Dr. Korb, what accounts for this explosive growth in the requirement and funding for Navy and Air Force aircraft peacetime operating stocks? Does anyone within OSD carefully review the requirements and funding for this program?

Dr. KORB. Nearly one-half of the growth you cite is due to inflation. Excluding that inflationary growth, the Navy and Air Force are experiencing the following real increases in requirements and funding between fiscal years 1981 and 1984.

	Percent growth fiscal year 1981–84	
	Requirement	Funding
Navy	43	51
Air Force	41	68

The reasons for this growth include: Underfunding in the past; new emphasis on readiness; increased inventories of weapon systems and equipments; increased operating tempos; large cost of initial spares for new weapon systems/equipments coming into the inventory; more spares for aging weapon systems/equipments (including increased costs associated with out-of-production spares); and costly spares for new, sophisticated support equipment (e.g., automated test equipment).

The Air Force has been attempting to forecast spares requirements using an inflexible and antiquated computer system designed to handle procurement and repair actions during the budget execution year. This system was not designed for forecasting. Although it seemed to work fairly well during periods of low inflation rates, static leadtimes, and predictable item replacement costs, the contrary environment of the past few years has exposed this serious deficiency in Air Force's ability to forecast requirements. They have initiated a priority effort to make near-term enhancements to the computer data systems at Air Force Logistics Command (AFLC). During the mid-to-late 1980's, the Air Force plans to acquire new computer systems that will significantly improve its data base management, computation, simulation, and forecasting capabilities.

Requirements and funding receive careful review by several elements of the OSD. As you know, the establishment of support requirements is not an exact science, and we continue to work to improve our abilities in this area. Efforts in this regard are summarized in the appendix to volume I of the force readiness report.

Senator LEVIN. In fiscal year 1984, the funding for aircraft peacetime operating stocks in the Navy is still 12 percent short of the requirements. In the Air Force, the funding level is 14 percent short of the requirement. What is the operational impact of not fully funding the requirement for peacetime operating stocks in these two services, assuming for the moment that the requirement is in fact a valid indication of need?

Dr. KORB. We estimate that Navy shortfall translates into about 1 percent in MC rates for Navy aircraft in the aggregate, and that the Air Force shortfall translates into about 2–3 percent in MC rates for Air Force aircraft in the aggregate. The shortfalls will affect different aircraft types differently. The force readiness report contains MC rate projections for specific aircraft types.

In addition to the effects on peacetime MC rates, the spares procurement shortfall in the Air Force will delay attainment of sustainability goals by 2 to 3 years. In the Navy, where peacetime and wartime stocks are not segregated aboard carriers, the effect on sustainability is more difficult to quantify, but the shortfall in spares procurement will have a negative effect on sustainability.

DEPOT MAINTENANCE

Senator **Levin**. Dr. Korb, the Defense Department's track record in forecasting depot maintenance requirements in recent years has not been very good.

In the original fiscal year 1982 request, DOD forecast a $21.6 million depot maintenance backlog. The actual backlog turned out to be $114.6 million, five times greater.

Last year, you were predicting a zero backlog for fiscal year 1983 and now you tell us the backlog for fiscal year 1983 will be $371 million. Are you still confident that the fiscal year 1984 depot maintenance backlog will not be any greater than $248 million, assuming Congress appropriates the full amount requested for depot maintenance for fiscal year 1984?

Dr. **Korb**. Our most recent assessment of the fiscal year 1984 depot maintenance program indicates that a total backlog of approximately $1,005M will remain at the end of fiscal year 1984. (This total includes $72M for "other" Navy depot maintenance not addressed in the Force Readiness Report. The total does not include a backlog of $202M for the installation of modifications to Navy ships and aircraft, and $37M for repair of Air Force war reserve spares.) Of the total projected fiscal year 1984 backlog, approximately $248 (25 percent) is a financial backlog. The remaining nonfinancial backlog of approximately $75M includes backlogs that could not be eliminated, even if funded, because of operational commitments and deployment of ships, inadequate facility capacity, nonavailability of necessary component parts, or manpower constraints.

While the fiscal year 1984 depot maintenance program does not eliminate the fiscal year 1984 financial backlog, it is 11 percent higher than funding in fiscal year 1983 and we have in fact reduced our financial backlog from $371M in fiscal year 1983 to $248M in fiscal year 1984.

REAL PROPERTY MAINTENANCE

Senator **Levin**. Dr. Korb, from the highpoint of $3.9 billion in fiscal year 1981, the Defense Department has managed to reduce the backlog of maintenance and repair of real property to $3.6 billion in fiscal year 1984, a reduction of 8 percent.

At this rate, it will take another 13 years before the backlog of real property maintenance is brought down to the level of $2.3 billion which Congress established as the backlog goal in the fiscal year 1979 Defense Appropriations Act.

Are you satisfied with the progress the Department is making in reducing the backlog of real property maintenance?

Dr. **Korb**. I am satisfied that the services have finally turned the corner by reducing the backlog in fiscal year 1982. Additionally, they are forecasting backlog reductions in fiscal year 1983 and fiscal year 1984. The services have to do more in this area and I expect them to do so.

The services' plans call for a steadily declining backlog with the containment level achieved by fiscal year 1988. It should be noted that our present $3.6 billion backlog in fiscal year 1984 when expressed in fiscal year 1978 dollars is about $2.3 billion, the congressional containment level.

Senator **Levin**. According to GAO, the Maintenance and Repair (MRP) program is a discretionary part of the Real Property Maintenance Account and as such is used as a surge account by all of the services. Funds are reallocated for MRP to other programs early in the fiscal year. This practice results in lower priority projects being implemented while higher priority projects which require more engineering and administration are delayed and find their way into the backlog of maintenance and repair (BMAR).

If Real Property Maintenance is as important as the services and OSD say it is, why is it a primary source of funds for other programs which are unfunded or underfunded?

Dr. **Korb**. The best evaluator of project priority is the Installation Commander who has been given the authority to make those decisions. Some maintenance and repair funds are diverted to other "must pay" programs (e.g., utilities, pay, and existing leases and contracts) which might have been underfunded because our estimates of expected costs two years into the future turned out to be less accurate than we have liked them to be.

Senator **Levin**. GAO found that at one Air Force Base, 25 percent of the fiscal year 1980 and fiscal year 1981 facility project funds were obligated in the first half of the fiscal year. For both years more than 60 percent of the funds were obligated in the fourth quarter.

Why don't the services plan and execute the real property maintenance account in an orderly manner over the four quarters of the fiscal year?

Dr. **Korb**. This happens primarily because the services are not sure of what the "must pay" programs will require. Rather than put themselves into a deficiency violation situation, the services will execute discretionary programs like real property maintenance at a slower rate in the early part of the year, then catch up towards the end of the year when spending requirements for the "must pay" programs become more certain.

Senator **Levin**. Another example cited by GAO is Fort Lee, Virginia.

At Fort Lee, two requirements contracts were funded in September 1982 with $2.7 million that migrated to the program from Training and Doctrine Command. These projects, $1.3 million to pave roads and parking lots and $1.4 million to put vinyl siding on 88 temporary buildings were (1) not in the installation's 1982 or 1983 work plan, (2) not in the installations' recorded backlog, and (3) not validated as required by command directives. Army officials acknowledged that the paving would have been foregone for higher priority work if the funds had been received as early as mid-August.

Dr. Korb, as you know the annual Defense Appropriations Act includes a provision stipulating that no more than 20 percent of the funds in an appropriation account may be obligated in the last two months of the fiscal year. Don't you think we should extend this year-end spending limitation to the real property maintenance activity to encourage more orderly obligation and execution of these funds?

Dr. **Korb**. No. Doing as you suggest might appear to encourage more orderly execution of the RPMA program but it would limit the services' flexibility in managing Operation and Maintenance funds as a whole. I think in this case, the cure could prove to be worse than the disease. If the various programs constituting Operation and Maintenance are "fenced," there is no room for the services to maneuver to adjust for 2 year old budget estimates which might turn out to be inaccurate for a variety of reasons, or to respond to unbudgeted military necessities.

FUEL PRICES

Senator **Levin**. How much savings can be made from the fiscal year budgeted level for fuel?

Dr. **Korb**. The fiscal year 1984 budget anticipated lower fuel prices due to a continuation of weak market conditions in 1983. The $44.94 per barrel average cost projected for fiscal year 1984 permitted a $1 billion reduction in previously projected fiscal year 1984 fuel costs, and is already reflected in the president's fiscal year 1984 budget request. Actual costs paid in fiscal year 1983 (through January) have averaged $44.25 per barrel. This is close to our fiscal year 1983 projection of $44.10. If current prices hold steady at $44.25 per barrel for the balance of fiscal year 1983, our fuel needs may be underfunded by about $25.9 million. It is clearly premature to make any changes now. We will continue to review market prices and trends to identify the extent of any further budget reductions that may be possible.

MILITARY PAY

Senator **Levin**. Dr. Korb. with over 10 percent real growth in Defense spending in fiscal year 1984, and the largest defense budget in real terms since 1952, is it not hard to explain to the troops why we cannot find enough money to give them a pay raise this year?

Dr. **Korb**. It is not a question of finding enough money to give military personnel a pay raise. In an effort to close the large projected budget deficits, the president decided that all entitlement increases should be delayed or deleted in fiscal year 1984. Reluctantly, the President included active duty military in this universal program. It was in this context—that no group should be exempt from making a sacrifice—that the decision was made to delete the October 1983 military pay raise, not in the context of a trade-off in the Defense budget between personnel and other programs. The rationale for this decision has been explained to military personnel on a number of occasions. The President expressed regret in his State of the Union Message that military personnel were included in the freeze. The Secretary of Defense and Service military leaders have sent messages of explanation to the troops. While, understandably, military personnel are not happy with not receiving a pay raise in fiscal year 1984, we believe that, given the universal nature of the program, they understand the reason for their inclusion.

Senator LEVIN. Dr. Korb, last year when the administration and Congress agreed to a 4-percent cap, you were quoted as saying that the Reagan administration was committed to pay comparability "over the long term."

So this year's defense budget includes no pay raise for this year.

Now you are promising a catch-up pay raise for next year. Based on this year's experience, if I were in uniform I would be worried about a pay cut next year.

Are we not in serious danger of jeopardizing the progress we made, both real and psychological, with the large military pay raises of 1980 and 1981?

Dr. KORB. We remain committed to providing military personnel fair and competitive levels of pay. The substantial compensation improvements made in 1980 and 1981 are solid evidence of the concern of the Congress and this administration for the economic well-being of servicemembers. It is because of this concern that the administration particularly regrets the necessity to include military personnel in the universal pay freeze program in fiscal year 1984. However, the Secretary of Defense has repeatedly stated his intention to recommend to the President that military personnel be given a pay raise in fiscal year 1985 that accounts for the deletion of the fiscal year 1984 raise. There are no doubt some military members who are skeptical about the prospects for pay raises in fiscal year 1985 and beyond, but we believe that, because of the universal nature of the freeze program, the administration's strong record of advocacy for military personnel, and the Secretary's determination to provide a substantial pay raise in fiscal year 1985, the vast majority of personnel understand the reason for their not receiving a pay raise in fiscal year 1984, and that no serious damage will be done to our manpower program.

SUMMER OLYMPICS

Senator LEVIN. Dr. Korb, the fiscal year 1984 Operation and Maintenance request includes $50 million for the 1984 Summer Olympics.

What is the purpose of the funds?

Dr. KORB. DOD has requested authorization and appropriation of $50 million in order to provide support to Federal, State, and local law enforcement agencies, primarily in the area of security.

Senator LEVIN. Will the Defense Department be providing any support that State and local governments or the Olympic Committee should be providing?

Dr. KORB. Except for emergency situations, the use of armed forces personnel and equipment will be provided only for specialized services uniquely within the competence of the Department of Defense and which cannot be readily provided by the Los Angeles Olympic Organizing Committee (LAOOC) or by other Federal, State and local agencies.

Senator LEVIN. For the 1980 Winter Olympics, Congress appropriated $12 million for DOD support. Of this amount only $5.7 million was actually used.

How confident are you that the $50 million requested in the fiscal year 1984 budget is really needed?

Dr. KORB. DOD estimates that as much as $50 million may be necessary in order to support the 1984 Summer Olympics. This figure was determined from initial discussions with Federal, State, and local law enforcement agencies regarding the magnitude of security they believe will be necessary. As was the case in the 1980 Winter Olympics, the exact amount required within that $50 million cannot be determined until after the Games. We believe DOD support requirements may come close to $50 million.

Senator LEVIN. For the record, please provide a breakdown showing how the $50 million request was developed.

Dr. KORB. By object classification, the $50 million estimate breaks down as follows:

	Thousands
Travel and transportation of persons	$10,000
Transportation of things	2,400
Communications, utilities, and other rent	1,000
Other services: contracts	26,600
Supplies and materials	10,000

DEPOT MAINTENANCE

Senator LEVIN. According to GAO, the military departments compute depot maintenance backlog levels on different factors—readiness indicators in the Navy; maintenance management levels in the Army; and depots' ability to start work in the Air Force.

Has OSD evaluated the feasibility of establishing common criteria and definitions to be used by all three services?

Dr. KORB. OSD uses the following definition for zero backlog durng the POM and budget reviews. It is important to remember that the term refers to zero unfunded backlog. It is defined as:

The full financing of all depot maintenance efforts which are required to be funded in the applicable fiscal year and which (1) can be input to the depot maintenance process during the year; that is, the input is not constrained by factors other than financial resources (such as nonavailability of parts, insufficient workforce, lack of contractor source, or inadequate facilities) and (2) the input will be available; that is, it is not being extended to meet operational requirements of our forces, or being held until sufficient quantities are available to realize economies of scale from batch processing, etc. Since depot workload is funded on induction, the financial requirement covers a carryover amount of work for completion early in the succeeding year.

The key points are that only that workload which is executable is considered in determining when a program is fully funded and the backlog is zero.

Second, it should be recognized that projections of workload and backlog are made far in advance of the execution year and changes in requirements up and down will occur and the actual backlog may differ from the projected backlog. This does not affect the requirement to try to achieve a "zero unfunded backlog."

Third, it is difficult to translate depot maintenance programs directly into readiness indicators in peacetime. However, the depot has an overriding responsibility to support mobilization. To this end, and with anticipated high intensity at the outset of any conflict, it is critical that ready-for-issue assets be available almost immediately to provide the necessary materiel support. In the event of conflict it may be too late to begin reducing the backlog. This is no question, therefore, that depot maintenance backlogs will affect our responsiveness in mobilization.

We recognize that the services may execute their depot maintenance programs in different ways but that does not mean that they have a different definition.

Senator LEVIN. What is the level of work awaiting repair at depot facilities for each service? Do the services have a standard for an acceptable level or work on hand?

Dr. KORB. The goal of the Depot Maintenance program is to have on hand, awaiting repair, only that amount of equipment necessary to insure a smooth and unlimited flow of work in the maintenance shops. This equipment, or level of work, considers such variables as timely receipt of overhaul candidates from the field.

Although the level of work on hand, awaiting repair, varies from depot to depot and depends upon repair cycle time as well as other factors, the overall objective is 3 months. This level of work awaiting repair constitutes a maintenance management level that is not included in the depot maintenance requirements.

Senator LEVIN. For the record, identify the dollar amount of depot maintenance work carried over in organic and contractor for each service in the last 3 fiscal years.

DEPOT MAINTENANCE (ARMY)

Dr. KORB. The dollar amount of depot maintenance work carried over is:

[In millions of dollars]

	Organic direct Army	Contract undelivered
Fiscal year:		
1980	$188	$141
1981	225	177
1982	268	206

DEPOT MAINTENANCE (NAVY)

Dr. KORB. The Navy's total depot maintenance backlog was $141.6 million for fiscal year 1981, $217.9 million for fiscal year 1982, and $525.4 million for fiscal year

1983. These backlogs include both organic and commercial maintenance. Information is not available to separate these requirements.

DEPOT MAINTENANCE (AIR FORCE)

Dr. **Korb**. Air Force depot maintenance backlog for fiscal year 1981, fiscal year 1982, and fiscal year 1983 is $12 million, $11 million and $43 million respectively. A little more than half the fiscal year 1981 backlog was contract workload while all of the fiscal year 1982 backlog represented organic workload deferrals. The fiscal year 1983 backlog projection will impact contract and organic workloads, but exact dollar split by source of repair (contract or organic) will not be known until after program execution.

Senator **Humphrey**. Thank you, gentlemen; the hearing is adjourned.

[Whereupon, at 3:45 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

TUESDAY, APRIL 12, 1983

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

U.S. ARMY READINESS, OPERATION AND MAINTENANCE BUDGETS, AND RESERVE COMPONENT STATUS

The subcommittee met in open session, pursuant to notice, at 2:02 p.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Levin.

Staff present: Michael B. Donley and David S. Lyles, professional staff members; and Marie Chaillet, staff assistant.

Also present: Dennis P. Sharon, assistant to Senator Goldwater, and Ron Kelly, assistant to Senator Humphrey.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee meets this afternoon to receive testimony on the readiness of the Army and the 1984 authorization request.

This hearing should focus on five themes—the progress made during the past 2 years in overcoming readiness deficiencies, what remains to be done to achieve acceptable readiness levels now and in the future, the process by which the Army shapes and guides its readiness policies, a review of the Army O&M request for 1984, and the status of the Army's Reserve components.

The hearing will be divided into three parts—a readiness update, an O&M overview, and a Reserve component status report. We are pleased to have with us as witnesses Lt. Gen. Fred Mahaffey, Deputy Chief of Staff for Operations and Plans; Lt. Gen. Ernest Peixotto, Comptroller of the Army; Brig. Gen. Gerald Jennings, Director, Operations and Maintenance; Maj. Gen. William R. Berkman, Chief, Army Reserve; and Maj. Gen. Herbert R. Temple, Director of the Army National Guard.

We have a great deal to go through, gentlemen. I thank you for submitting your testimony ahead of time, your full statements. I have reviewed each of them. It took me all morning. We are not going to ask you to read the full statements. I understand you have reading versions and you are free to proceed as you wish, beginning with General Mahaffey, if you will.

STATEMENT OF LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, DEPARTMENT OF THE ARMY, ACCOMPANIED BY MAJ. GEN. H. NORMAN SCHWARZKOPF, REPRESENTING THE DEPUTY CHIEF OF STAFF FOR PERSONNEL; AND BRIG. GEN. JAMES M. HESSON, REPRESENTING THE DEPUTY CHIEF OF STAFF FOR LOGISTICS

General **Mahaffey**. Mr. Chairman, I appreciate this opportunity to appear before the subcommittee to discuss Army preparedness. Before I begin, I would like to introduce Maj. Gen. Norm Schwarzkopf, who represents the Deputy Chief of Staff for Personnel, and Brig. Gen. Jim Hesson, who represents the Deputy Chief of Staff for Logistics.

Senator **Humphrey**. Thank you.

General **Mahaffey**. I anticipate that this series of preparedness hearings will result in public reassurance that Army readiness has improved proportionate to increased defense spending but that continued support for defense resourcing is essential in fulfilling the Nation's and the Army's readiness requirements.

I have submitted a formal statement for the record, but would like to highlight a few of its more important aspects.

First and foremost, be assured that readiness is the Army's first priority. It is the core of our planning, programing, budgeting and execution efforts. A key point which I will discuss in more detail later is that readiness must be seen as a reflection of the capability of the total Army—that is, both Active and Reserve components.

In 1981, the Army made a fundamental choice between expanding its Active force structure—a direction that would have perpetuated what my Chief of Staff has described as a hollow Army—or, as the preferred alternative, maintaining our Active force structure at about its current size and using allocated resources to fill those units with personnel and equipment.

We chose, as I have indicated, the latter course. That strategy has led to an Active force smaller than had been planned with Reserve roundout but one which is today, and if properly resourced—will be in the next few years—more fully manned, better equipped, better trained, and modernized to deal with a very sophisticated Soviet threat.

This strategy promotes consistency and stable growth in total force readiness and capability.

For the past 2 years, the Army has made significant improvement in its readiness posture. Given the full support of Congress, we have tried to put appropriations to their most efficient use in improving the Army's fighting capability. Today's improved readiness is a direct reflection of congressional support over the past 2 years, just as tomorrow's readiness will depend upon today's level of funding.

Let me highlight now some examples of how we have recently improved the readiness of the force.

The first element of readiness is sound doctrine—that is, a realistic blueprint of how to fight on the modern battlefield. The Army's doctrine—the AirLand Battle Doctrine—is suited to counter the most likely threat that we face. We are clearly outmanned and outgunned in a quantitative sense by the Soviets.

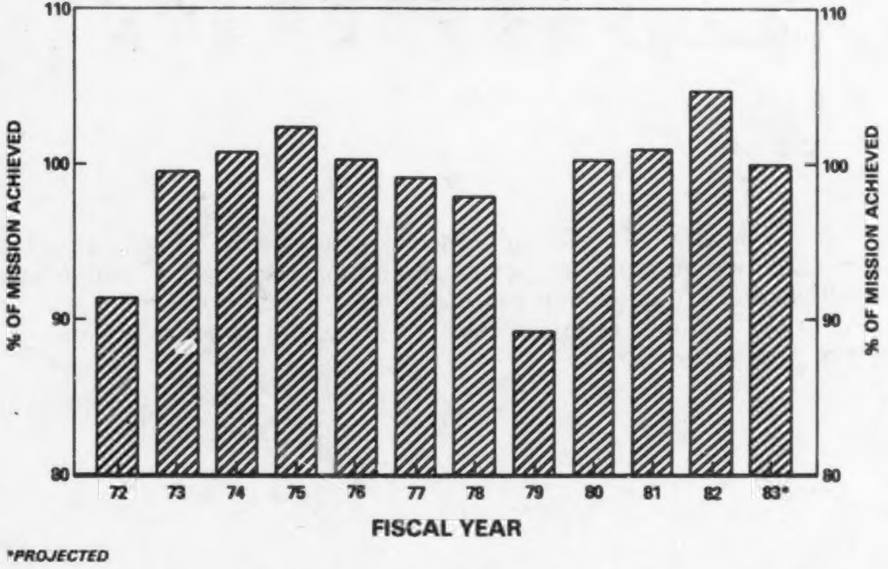
To give ourselves a reasonable prospect of tactical success on tomorrow's battlefield, we must wrench control of events on the battlefield from the enemy by capitalizing on our strength and on his weaknesses. In the AirLand Battle we plan to synchronize the efforts of our combined arms forces in order to see the battlefield in depth and to strike second echelon or follow-on enemy formations before they reach the main battle, while simultaneously defeating his lead echelons in close-in combat.

We are working closely with the other services and with our allies in developing the AirLand Battle Doctrine and are encouraged to date by their responses.

Pay comparability, numerous benefit and incentive programs, and the state of the economy are permitting us to eliminate a longstanding noncommissioned officer shortage, to recruit and retain young soldiers, and to improve the overall quality of our Army. The Reserve components have also benefited from improvements such as increased paid drill strengths.

I have three charts to illustrate our improved recruiting posture.

ACTIVE ARMY
PERCENT OF RECRUITING MISSION ACHIEVED
(TOTAL ACCESSIONS)



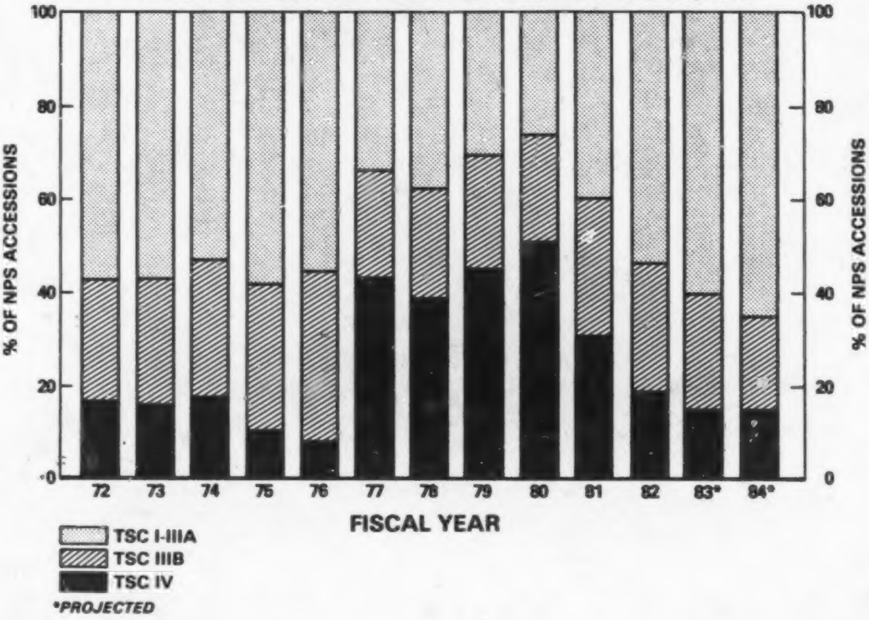
General MAHAFFEY. This chart illustrates how well we have met our recent recruiting targets. We expect similar successes, as we projected here, in 1983. To relate the success to readiness and warfighting capability, in 1980 in the 2d Armored Division at Fort

Hood, Tex., 36 of 240 crews, predominantly tank crews, were at zero strength. Today, they have no weapons systems uncrewed.

In the 9th Infantry Division at Fort Lewis, Wash., as late as 1981, approximately 10 percent of the division's platoons were at zero strength; today all units and major weapons systems are fully manned.

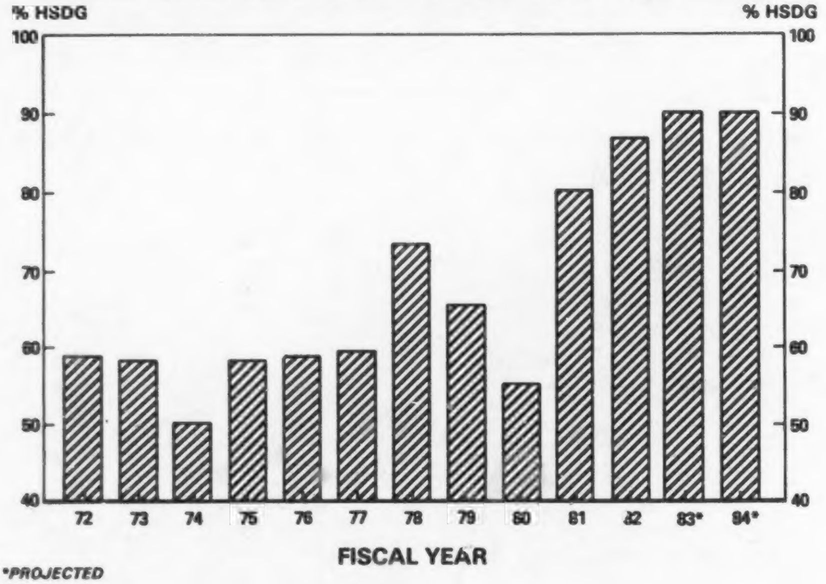
Quantity is not the entire story, however. One of the most fundamental contributions to improve readiness has been the improved quality of our soldiers.

ACTIVE ARMY
TEST SCORE CATEGORY OF ACCESSIONS AS A % OF NON-PRIOR SERVICE (NPS) ACCESSIONS



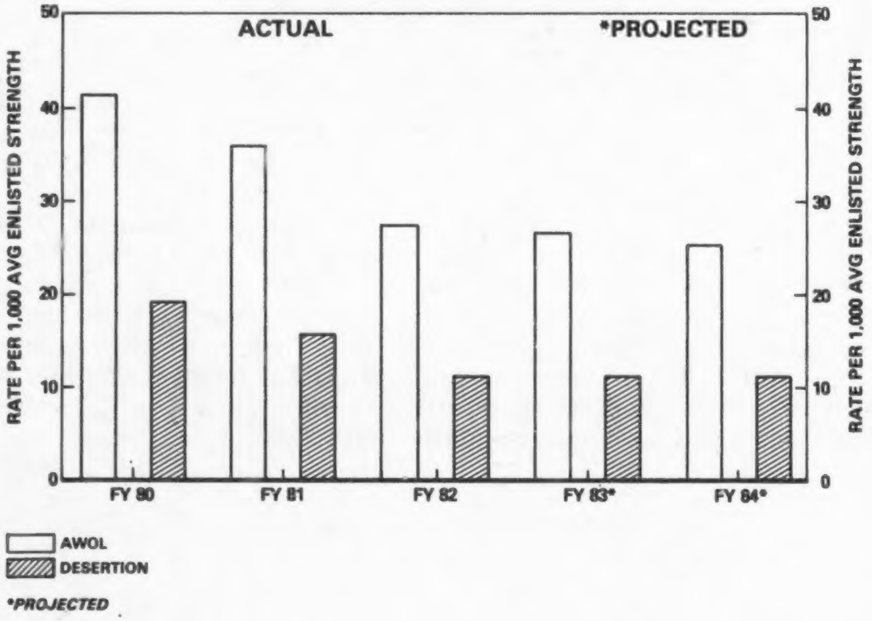
General MAHAFFEY. To underscore this point, here is the test score category breakout of our accessions in fiscal year 1980, a year in which we achieved our quantitative target. Note the improvement in the number of our accessions from the upper test score categories since that time.

ACTIVE ARMY
HIGH SCHOOL DIPLOMA GRADUATES AS A PERCENT OF TOTAL NON-PRIOR SERVICE (NPS) ACCESSIONS



General Mahaffey. Similarly, we are recruiting more high school graduates. They were 86 percent of the total accessions in fiscal year 1982, compared to some 54 percent in fiscal year 1980.

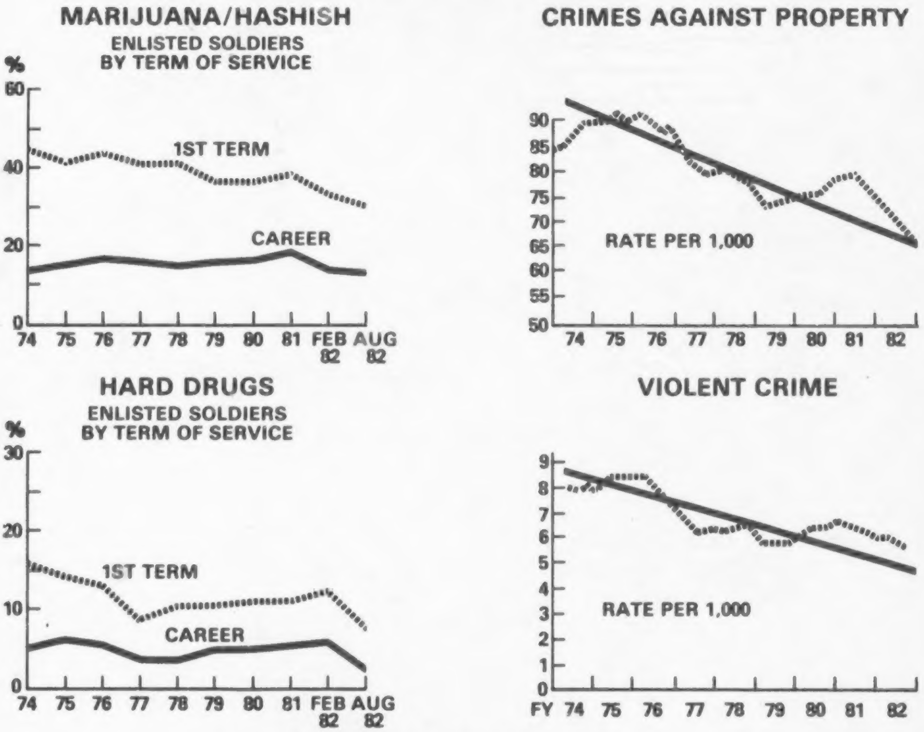
ARMY ABSENTEEISM



General **Mahaffey**. Higher quality soldiers are easier to train, better at their jobs, and less inclined to get into trouble, and our AWOL—absent without official leave—and desertion rates continue to decline, as shown here.

DRUG USE STATUS REPORT

LOWEST SINCE 74

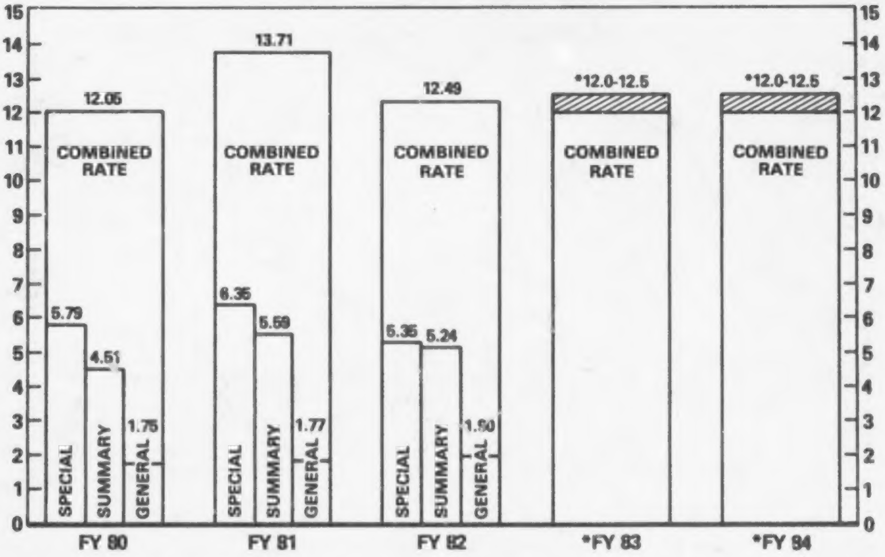


FACTORS AFFECTING DECLINE:
- ACCESSION QUALITY
- CDR AUTHORITY TO ELIMINATE ABUSERS
- SUPRESSION EFFORT
- CMD TOLERANCE

General **Mahaffey**. Drug use rates are at their lowest level since 1974 and crime rates are correspondingly down. We have found that there is some correlation between drug use and the commission of other crimes, so we view the declining crime rate as both an indication and a product of the declining drug use rate. These declines reflect the higher quality of our recent accessions and our own increased suppression efforts. We should see these favorable trends continue as our force quality improves.

ARMY WORLDWIDE COURTS-MARTIAL

RATES PER 1,000 POPULATION (FY)



SOURCE: LEGAL SERVICES AGENCY

*PROJECTION (OFFICE OF ARMY LAW ENFORCEMENT)

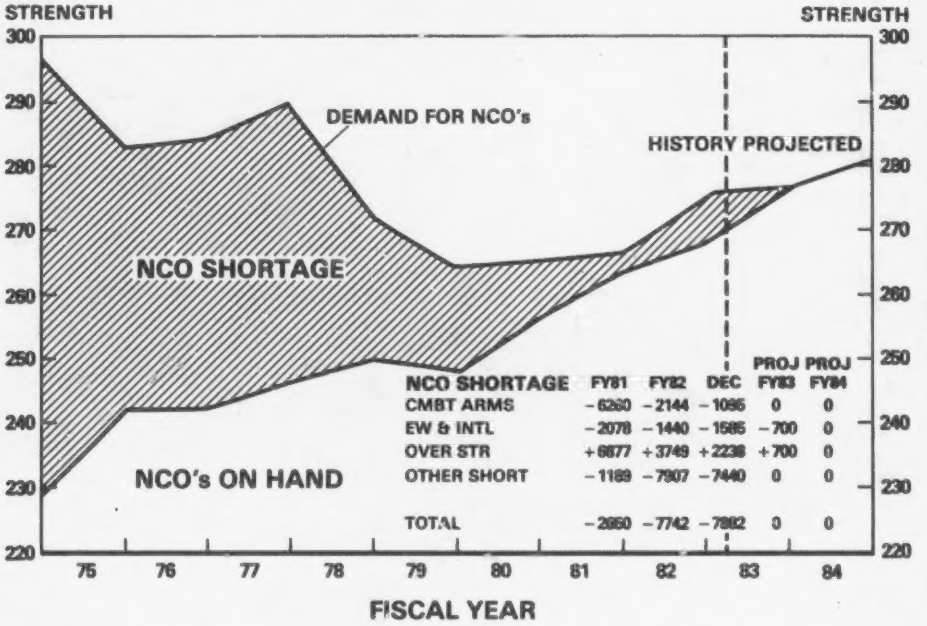
General MAHAFFEY. Even though our crime rates have declined, courts-martial rates have remained fairly constant because, through improved enforcement measures, we are catching and prosecuting a larger percentage of a declining number of offenders, and we will not relax our standards. My own recent experience as Commander of a forward-deployed division in Europe substantiates these statistical indicators.

Overall, our soldiers are handling their new equipment that is coming to them superbly. They learn quickly, they retain their skills. They are, in general, disciplined and are first-rate soldiers.

So far I have emphasized improvements with regard to new soldiers, but how are we doing with our noncommissioned officers.

TOP 5 ENLISTED STRENGTH

E5—E9



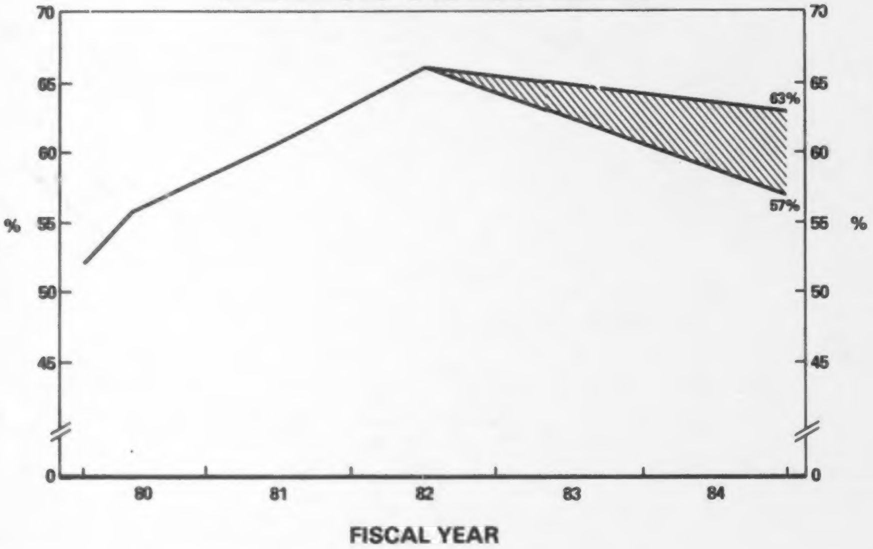
NCO SHORTAGE	FY81	FY82	DEC	PROJ FY83	PROJ FY84
CMBT ARMS	−6260	−2144	−1095	0	0
EW & INTL	−2078	−1440	−1585	−700	0
OVER STR	+6877	+3749	+2238	+700	0
OTHER SHORT	−1189	−7907	−7440	0	0
TOTAL	−2650	−7742	−7882	0	0

68,000 SHORT IN FY 74—NO SHORTAGE BY THE END OF FY 83

General **Mahaffey**. This chart shows that we are effectively closing the gap on that long-existent NCO shortage. Note, for example, that we were short 6,260 combat arms NCO's in fiscal year 1981, but have reduced the shortage to 2,144 by the end of fiscal year 1982, and we expect to eliminate this imbalance altogether by the end of fiscal year 1983, except for some sporadic short-term shortages due to reorganizations.

REENLISTMENT RATE

21 MONTHS TO 10 YEARS OF SERVICE

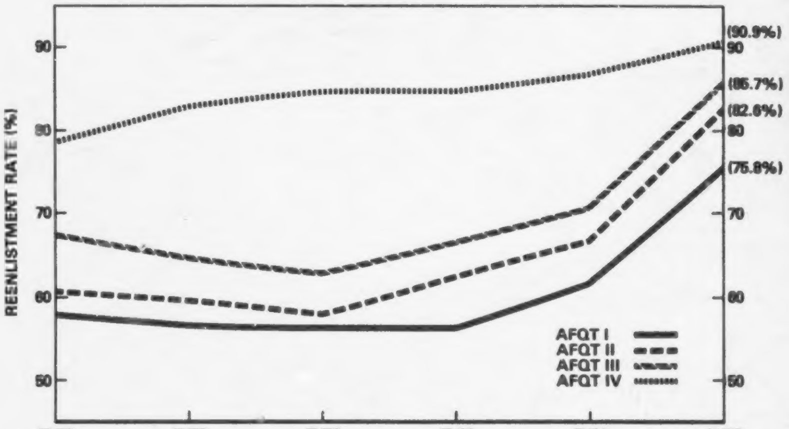


FY83 AND FY 84 PROJECTED FROM FY 82 TO BE 60% ± 3% BY END FY 84.

General Mahaffey. Reenlistment rates are excellent, over 60 percent, and we could in fact reenlist far more, but we are intentionally limiting reenlistment to only the best people in order to insure a quality noncommissioned officer corps in the future.

Pay comparability, along with economic conditions, has helped us here. The range shown here in the hatched area between the fiscal year 1983 and 1984 projections reflects some uncertainty about the potential course of the economy and the possible effects of a fiscal year 1984 pay freeze.

CAREER (OVER 3 YRS) REUP QUALITY TRENDS



	FY77	FY78	FY79	FY80	FY81	FY82
UNEMPLOYMENT RATE	7.0%	6.0%	5.8%	7.1%	7.4%	9.4%
PAY RAISE	4.8%	7.1%	5.5%	7.0%	11.7%	14.3%

QUALITY CAREER REENLISTMENTS ROSE (BOTTOM TWO LINES) SIGNIFICANTLY IN RESPONSE TO THE FY81 AND FY82 PAY RAISES.

General MAHAFFEY. And NCO quality? Although this chart may at first glance be a little difficult to understand, it demonstrates an important point. Note that noncommissioned officers in the higher test score categories—that is the lower trend line—are considerably more sensitive to pay and economic trends. You can see this by matching the reenlistment trend lines of the higher test score people with the unemployment rates and pay raises shown along the bottom.

Notice the dramatic upswing in reenlistments associated with the fiscal year 1981 and 1982 pay raises for soldiers with higher test scores.

The total content of our midcareer reenlistees shows a corresponding improvement in quality. During fiscal year 1982, 7,600, or 90 percent, of eligible category IV midcareer personnel reenlisted, while we retained almost 39,000, or 84 percent, of the careerists in the upper three categories. Unfortunately, preliminary fiscal year 1983 statistics from the first quarter indicate that quality reenlistments are beginning to decline.

OPERATIONS AND MAINTENANCE

In operations and maintenance, we can report improvements in many programs. The most visible improvement is in the training of our units and our soldiers—a major factor in improved readiness. In the continental United States, our centerpiece for improved unit training is the National Training Center at Fort Irwin, Calif.

There we can realistically simulate combat at the battalion task force level to an unprecedented degree by using an instrumented battlefield. We have trained 16 battalions in fiscal year 1982 and expect to train 18 in fiscal year 1983, then ramp up to 24 in fiscal year 1984.

In Europe, local and major training areas are being upgraded to the extent that geographical and political constraints allow. With extensive maneuver rights on the German countryside, increased operation and maintenance funding has allowed rigorous mission-oriented training.

The readiness of many Active and Reserve component units has also improved through wide-ranging deployment exercises. The exercise program offers Army forces realistic combined arms training with the Air Force, the Navy, and Marines, as well as with our allies.

In 1980, the 1st Mechanized Infantry Division from Fort Riley, Kans., conducted a simulated deployment exercise of a POMCUS unit moving to Europe. This success resulted in development and conduct of a deployment simulation exercise for a non-POMCUS unit, the 24th Mechanized Infantry Division at Fort Stewart, Ga., in 1982.

Recent major deployment exercises with significant Reserve component participation include Reforger 82, where 1,900 Reserve component personnel deployed to Europe with the 1st Infantry Division and the 3d Armored Cavalry Regiment, and to exercise AHAUS TARA, where units of the Puerto Rico Army National Guard deployed in February 1983 to Honduras. The success of these readiness exercises has resulted in steps to institutionalize them for all Conus divisions, both Active and National Guard.

To improve the individual soldier's training, we have extended basic training from 7 to 8 weeks. This reduces the individual training burden that is currently placed on troop units who receive the trainees. Typically, the training burden is about 45 percent of the required individual skills for our combat arms soldiers.

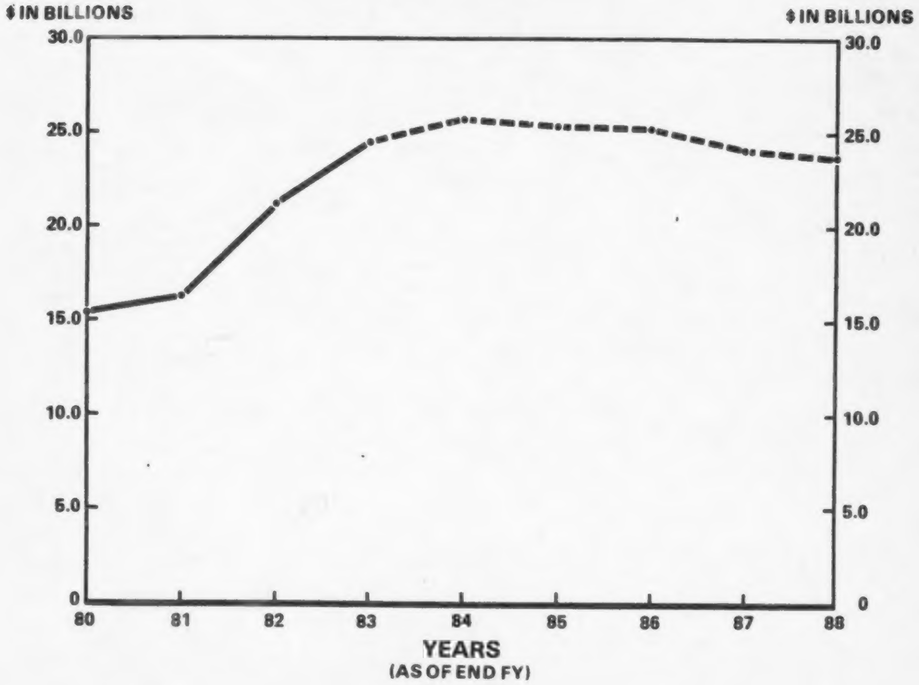
It also takes advantage of efficiencies that can be realized in the training center environment, and provides a more thorough, positive soldierization process for those in their first Army experience.

The operation and maintenance account also provides logistical and support resources, and we have continued to improve in our supply, ammunition production, and industrial support programs.

Lieutenant General Peixotto, who will follow me, will address depot maintenance and the backlog of maintenance and repair, which fall within his area of responsibility.

The operation and maintenance account also funds the majority of our Army civilians. A recent increase in this area authorized by Congress has enabled us to return thousands of soldiers to their primary duties—another significant contribution to improved readiness. For example, in my division alone, we returned over 700 soldiers—the equivalent of a battalion in strength—to their primary duties. Continued congressional support is essential to retaining this readiness edge.

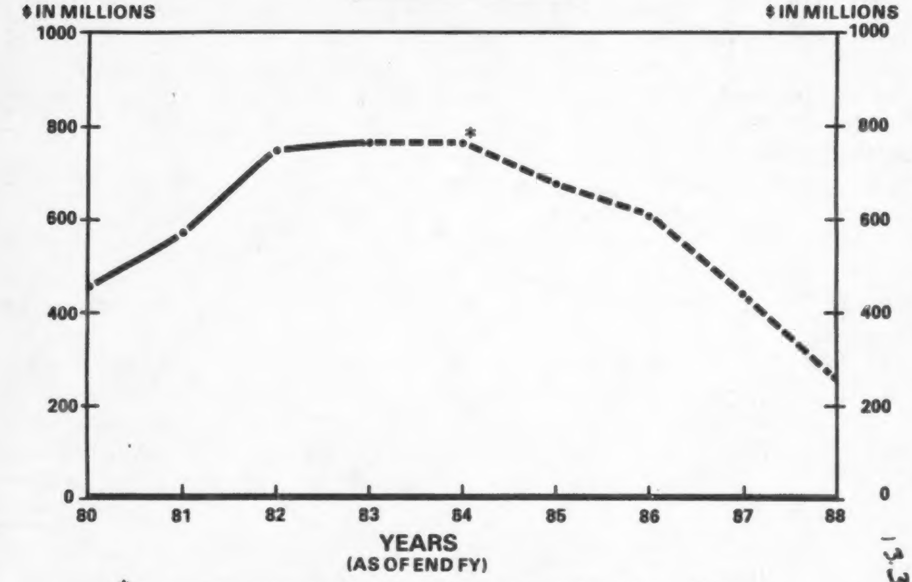
The Army's readiness also depends on continued support of its military construction requests. The 28-percent actual increase in the MCA appropriation from fiscal years 1980 to 1983 enabled us to concentrate on providing those facilities necessary to field, train, and operate new weapons systems. Force modernization and facilities are inextricably linked and must be mutually supported if modernization is to be effective.



MCA BACKLOG

General Mahaffey. Future requests will, to a greater extent, focus on alleviating unsatisfactory conditions that exist in our aging physical plants. This chart illustrates that if the Army is able to accomplish the goals of its military construction program, our extensive construction backlog will begin to decrease during fiscal year 1985.

BACKLOG OF DEFERRED MAINTENANCE & REPAIR (DMAR)
(FAMILY HOUSING)



INCLUDES BACKLOG ADDED BY OAHU CONSOLIDATION ($57M)

General MAHAFFEY. Even though on October 1, 1983, we inherit an additional $57 million in deferred maintenance and repair requirements by assuming responsibility for all DOD housing on Oahu, the judicious application of resources will enable us to turn around the growth of family housing deferred maintenance during fiscal year 1985, as shown here, and continue its reduction to reach what we consider to be a management level by fiscal year 1988.

Significant increases in the procurement account are enabling us to bring on line many of the modernized weapons and equipment systems that have been in development for many years. As I will explain later, this effort will have a greater impact on force readiness for the U.S. Army than any other aspect.

M-1 tanks and improved TOW missile launches are being fielded, as are Blackhawk helicopters and Stinger air defense missiles. We will soon be in full production of the Bradley fighting vehicle, the Sgt. York division air defense gun, and the Apache attack helicopter.

We are not only procuring new systems to enhance our readiness, but are also improving our old systems. The CH-47 is a good example. We first procured this helicopter in 1962 and are now extending its useful life—that is, of the entire fleet—beyond the year 2000. We also continue to improve the Hawk and the Chaparral air defense systems, the TOW missile system, and the AH-1 Cobra attack helicopter.

The procurement account also provides ammunition we need for training and for war reserve stocks. We are steadily improving these but are still short of our program and prepositioning objectives. We are also buying the many support items that are needed to keep combat systems and units functioning on the battlefield, to include trucks in quantities not matched in recent years to replace our overaged, high mileage fleet.

We are also procuring radios, automatic data processing equipment, microprocessors, and other communications items needed for proper command and control on the battlefield, a deficiency that has plagued us for too many years. This is an area which, if properly resourced and developed, will provide a real edge over any potential adversary.

Automation and other command and control initiatives can enable us to generate and sustain a pace and precision of operations that will permit us to, in effect, turn inside our opponent's decision-action cycle and gain a significant operational advantage and, in fact, optimize the full potential of our modernized weapons systems.

In addition to the equipment improvements already realized, the funding increases provided by the Congress with the fiscal year 1981 supplemental and the fiscal year 1982 amendment will soon deliver hardware into the hands of our soldiers. This unquestionably will go a long way toward reducing our longstanding equipment shortages.

EQUIPPING THE TOTAL ARMY

Equipping the total Army is our highest priority readiness objective. First, we must replace outmoded and overage equipment in order to regain the qualitative edge yielded to the Soviets during and after the Vietnam war. Second, we must provide the equipment needed to bring units up to full strength and to fill our war reserve stocks, especially with such items as wheeled and tracked vehicles, support equipment and tactical communications.

There are units today—Active, National Guard, and USAR—which simply do not have the equipment which they are authorized, need to fight, and should have.

Funding to support equipping the Army is alined with our first-to-fight precept. This precept is applied in the equipment distribution process, regardless of component. Army National Guard roundout units will receive equipment at the same time as the Active units that they round out.

The Reserve components are receiving equipment at a much more accelerated rate than ever before. For example, the 2d Battalion, 252d Armor, North Carolina National Guard, will receive 63 M–1 tanks this fiscal year. Additionally, the 48th Infantry Brigade from the Georgia National Guard recently received 66 new M–60A3 tanks and 51 improved TOW antitank missile launcher vehicles. As a roundout brigade for the 24th Mechanized Infantry Division, the 48th has a higher claim on new systems than many active component units, and you can imagine the enthusiasm that this has created within the National Guard.

The equipment fill of Army units resulting from these distribution priorities is one of the resource areas reported in our formal unit status reporting system. The others are personnel fill and training status. I would like to take just a moment to comment on this process.

The status of both Active and Reserve component Army units is reported periodically on the unit status report. This report is often cited as the basis for statements that Army units are or are not ready. Although unit status reports, or USR's, are a useful evaluation tool, they are by no means the only way the Army assesses its true readiness. Unit status does not equal Army readiness.

This can best be illustrated by comparing two different types of units—for example, a mechanized battalion and a straight infantry battalion. If both had a C-1 rating, this would mean that they are fully combat ready to use effectively the equipment they are authorized and have. It does not, however, indicate the significant difference in firepower between the units just as the C rating cannot reflect the combat power difference between an M-1 or an M-60A1 tank-equipped unit.

The difference in combat capability is certainly there, but it is not meant to be measured by unit status reports. The 3d Infantry Division in Germany is replacing its M-60A1 tanks with the M-1. The M-1 has the extraordinary capability to fire while on the move at speeds of up to 35 miles an hour, day or night, with an accuracy and effectiveness equal to that of the M-60 tank firing from a stationary position.

The division's unit status report has shown no improvement in its C rating for equipment on hand, but the actual improvement in the fighting capability of the division is profound. However, to one who looks only at USR indicators, this change may not be apparent. We are actively working on better ways to assess and describe true readiness, especially as it is improved through modernization.

The real contributors to readiness are the unit's mission-essential weapon systems associated support equipment, the capacity of the unit to sustain itself in combat, the ability of the unit to respond to effective leadership, and the manner in which a unit undertakes its training program. Training and leadership are the keys to mission readiness. Good leaders develop imaginative, sound, tough training programs which bind soldiers, organizations, and equipment into effective combined arms forces.

To evaluate these readiness dimensions we employ various techniques. For example, the Army senior leadership—to include the Secretary and the Chief of Staff—frequently visit units in the field and observe their performance. In visits with field commanders, unit leaders, and soldiers, they are able to observe personally readiness indicators such as the competence, morale, discipline, and esprit de corps which are often more revealing than numbers on a USR.

From their observations and my own as a recent division commander in Europe, we all arrived at the same basic conclusion—today's Army is the best prepared peacetime Army in the history of our Nation.

But even beyond the observations of the leadership in Washington, Army component commanders of unified and specified commands provide both formal and informal assessments and requirements to us at the Department of the Army so that we can react to the CINC's concerns and look for improvements.

Finally, exercises such as Bright Star in the Middle East, Reforger in Europe, and Team Spirit in Korea, provide excellent opportunities for us to evaluate doctrine, deployments, operational plans, and the state of training in the operational environment of Army units in the field.

Lessons learned lead to refinements of doctrine and plans, the identification of areas where additional training is needed, and the development of new requirements for environment-peculiar equipment. These benefits are not likely to show up in unit status reports, but are invaluable in allowing us to improve our readiness and warfighting capabilities.

Mr. Chairman, to the Army, readiness is all-encompassing. It is for this reason that I would emphasize that increased recognition must be given to the inextricable linkage among force structure, readiness, modernization, and sustainability. All involve the need for a strategy of balanced equipping of the force. Increases in both readiness and sustainability are gained through modernization.

MODERNIZATION

Modernization involves equipping our Active and Reserve forces and contributes to improved readiness and sustainability through the availability of more capable and maintainable equipment. Investments in either sustainability or readiness, without modernization, perpetuate not only technological obsolescence, but also promote a relatively inefficient and expensive means of achieving readiness and sustainability.

For example, the acquisition of M-1 tanks is normally classified as modernization. In fact, it adds a whole new dimension to readiness. The ability of the M-1 to move more quickly and quietly across the battlefield, to fire accurately and effectively at high speed, day or night, to achieve improved survivability, and to effect major repairs in less time has thus enhanced both force sustainability and today's readiness.

Conversely, rework of an M-60A1 to M-60A3 status, although commonly classified as improved sustainability, improves our armored force's readiness, although not to the extent that the M-1 does. Again, these capability improvements are not quantified, per se, on unit status reports.

CONVENTIONAL FORCES

In closing, there is one additional matter I would like to address, and that is the adequacy of our conventional forces. The need for a strong, flexible, conventional force is a national imperative, both as a deterrent and as a viable warfighting option if deterrence fails.

Our conventional deterrent and warfighting capabilities must include a mix of forward-deployed forces, rapidly deployable reinforcing forces, and rapidly deployable special operations forces, all of which must be technologically competent, tactically sound, and capable of flexible application. We must, of course, also insure that we possess the strategic forces that, in their own right, can deter any potential Soviet attack on this Nation or on our allies.

Our course is clear. It is to pursue a balance between strategic and conventional forces that must include a strong conventional capability targeted against the most likely conflicts. The result of this flexible, balanced, and technologically advanced approach will be a land force which offers a wider range of response options to the national command authority and which can contribute to raising the nuclear threshold.

The Army has made progress and is embarked on a course which will improve the readiness of its conventional forces in all dimensions. With the resources currently programed, we project readiness improvements in personnel, equipment, and training; increased days of supply needed to sustain our forces; and a much improved warfighting capability. It is essential that the Army be permitted to achieve its program objectives through fiscal year 1988.

My overall assessment of what we can and cannot do now and in the future is that forward-deployed forces are ready to fight, now. Early deploying reinforcements are ready to meet their deployment dates, and most of the later deploying units can be made ready to deploy but with older equipment.

Unit shortages in such areas as tactical wheeled vehicles, and command, control, and communications equipment, pose the most serious deficiency. The shortage of strategic air and sealift and shortages in pre-positioned equipment impair the Army's ability to meet our reinforcement objectives.

Today, our force structure lacks adequate support units, particularly in the Active component. We can sustain combat in potential theaters of operations, but only through the early stages of a conflict. We cannot sustain ourselves at the expected levels of intensity until the industrial base can gear up to provide the equipment and supplies at expected expenditure rates.

Nevertheless, the Army program, with your continued support, will provide for advances on a broad front. The forward deployed forces will have modern equipment, as will some of our reinforcing forces. Reserve component units will be filled to almost full authorization and the balance of support to combat units will improve in both the Active and the Reserve components. We can obtain modest increases in sustainability and in our ability to quickly reinforce in Europe and Southwest Asia.

We will still not be able to modernize later-deploying units or to sustain combat in any theater until the industrial base can catch up. Simultaneous conflicts in two or more theaters will have a serious and adverse impact on our reinforcing and sustaining capabilities.

Mr. Chairman, I have addressed readiness in a very broad sense. I now stand ready with my colleagues to provide the subcommittee with more detailed information that it may need in order to continue to support improvements in the Army's readiness and warfighting capability.

Senator Humphrey, thank you, General Mahaffey.

[The prepared statement of General Mahaffey follows:]

PREPARED STATEMENT BY LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, UNITED STATES ARMY

Mr. Chairman, I appreciate the opportunity to appear before this subcommittee to discuss the readiness of the US Army. As you know, inherent in Army readiness is the maintenance of a continuing capability to fulfill assigned missions; to deter an attack upon US national interests and, if deterrence fails, to engage and defeat any enemy in any environment.

The Army's mission requirements are developed considering three primary factors: the national military strategy, the military capabilities of our potential enemies, and the military capabilities of allies who will fight by our side should the need arise.

In terms of contemporary national priorities, requirements for Army forces stem from the nation's commitment to the NATO Alliance and to the Republic of Korea; the nation's concern for, and vital interests in, the oil resources of Southwest Asia; the nation's concern that the Americas (North and South) be as unified as possible toward common goals; and finally, the national concern for other areas of the world in which the United States has treaty obligations or other strategic interests.

Given these priorities, the Army's mission is to provide forward deployed forces to fight the early battles; the reinforcing forces which, when mobilized, provide additional combat power; and the logistical and other supporting forces to sustain our combatant forces, which we refer to as the sinews of war. It is for these reasons that the Total Army must be capable of projecting worldwide a force of adequate size, composition, and capability to protect threatened vital national interests.

The Army also has a significant mission requirement to contribute to security assistance programs. The United States alone cannot meet all military threats and must depend on the participation of allied and friendly nations. The transfer of military equipment and services (either by direct sale or by grants and credits) to nations whose security objectives coincide with or complement US objectives, serves to benefit both partners by reinforcing regional stability and enhancing US global security objectives.

Readiness is a reflection of the capability of the Total Army to deter any attack upon U.S. national interests and, if deterrence fails, to engage and defeat any enemy in any environment. The evaluation of Army readiness to advance these security objectives can be viewed from many perspectives. In discussing Army preparedness for war, I will discuss readiness in terms of nine functions. These functions are doctrine, force structure, manning, equipping, training, sustaining, mobilizing, deploying, and providing facilities. I will also describe how we assess readiness.

DOCTRINE

The first element of readiness is sound doctrine. The recent publication of FM 100-5, our keystone operations manual, represents a major doctrinal milestone. The Army's doctrine, called the AirLand Battle Doctrine, is suited to the threat we face in Central Europe, Korea, and other contingency areas anywhere in the world. The doctrine's unifying concept is the defeat of numerically superior forces. The fact is -- we are clearly outmanned and outgunned. In Central Europe, for example, one US armored division will face a Soviet Army of four divisions. This Soviet Army contains twice the tanks and armored vehicles and seven times the artillery of the American division.

In the AirLand Battle Doctrine, we plan to synchronize the efforts of all our combined arms forces and means of support. Our doctrine is predicated on synchronization --with it we will have an all-pervading unity of effort with every action following from a complete understanding of the commander's concept. This will reinforce and magnify the individual effects of our weapons systems. By using the full potential of our resources and technology, we will attack Soviet vulnerabilities. This action will allow our forces to quickly take the offensive.

We intend to stop the enemy's first echelon divisions in the close-in battle. In this close combat, ground and air units will counter the enemy's numerical advantage with our superior firepower and mobility. At the same time, deep attacks on enemy follow-on echelons, using modern weapons systems, will delay, disrupt, or prevent the reinforcement of enemy lead units. This combination of a close-in and deep battle will create opportunities for friendly force superiority to gain the initiative and take the offensive.

Our AirLand Battle Doctrine requires new capabilities from the Services -- the ability to see deep into the enemy's rear areas; the ability to attack deep targets to disrupt or eliminate the enemy's reinforcement of the close battle; and the ability to orchestrate this complex, highly technical, decentralized battle more rapidly than the enemy. We do not currently have, however, the organic intelligence, fusion, and attack capabilities to implement our doctrine to its full potential.

Our ongoing modernization process will correct our shortcomings in capabilities with the fielding of systems designed for our doctrine. Conversion of our divisions to the Army 90 designs with continual modernization will give our forces increased combat power and survivability for the future, lethal battlefield. The modernizing, equipping, and training of our Reserve Components concurrently with the active units will insure the total force is always ready.

We are working closely with the other Services and our allies to tailor their unique capabilities to our doctrine. We are very encouraged by the response, so far. Fully implementing our AirLand Battle Doctrine is an evolutionary process. We modify our doctrine as future concepts come into focus, and we modify our force structure and equipment requirements as new technologies are developed. The point to keep in mind is that the AirLand Battle Doctrine is the doctrinal foundation upon which we are developing and refining a highly mobile, flexible, responsive, and modern Army to fulfill our mission --a Total Army ready for sustained land warfare -- anywhere, anytime.

FORCE STRUCTURE

Analysis of the challenges likely to face the US in the decade ahead reveals multiple threats to our national interests. The current 24 Active and National Guard divisions, increasing to 25 next year, represent the force currently available for forward deployment and rapid response worldwide (to Europe, Southwest Asia, Korea, and for reserve). The Army is organized as a balanced force that is ready to respond to worldwide threats, to sustain war of indeterminate length, and to fight and win across the full spectrum of warfare. Key elements are the 16 Active and 8 National Guard divisions, with the Active and Reserve Components being firmly linked through the integration/roundout program. Active Component divisions are essential for forward deployment and rapid response worldwide. The National Guard divisions are the essential reinforcements to sustain combat until total mobilization can provide additional forces.

The Army program increases the Total Army Force to 26 divisions by FY 85. Two additional ARNG divisions are to be formed through consolidation of six existing ARNG separate brigades. One will be a mechanized division organized in FY 84; the other will be an infantry division brought on line in FY 85. This increase reflects a basic choice to support a balanced effort to increase deterrence while maintaining essential modernization, rather than an even larger, but more "hollow" force. This resource strategy leads to an active force smaller than had been planned -- but one which is better equipped and trained --lighter, leaner and harder hitting. The strategy is also one that promotes consistency and stable growth in Total Force readiness and capability.

Current intensive efforts to modernize exert a profound effect on the Total Army capability. Our Army 90 plan provides the blueprint for integrating new doctrine, organizations, and modern equipment. Conversion of our heavy divisions to new organizational designs are programmed over the next 5 years. Light division designs are being developed through the High Technology Test Bed Project being conducted by the 9th Infantry Division, Fort Lewis, Washington.

Division 86 involves reconfiguring heavy divisions, heavy brigades, and armored cavalry regiments under the Army 90 concept at wartime levels of organization. Design improvements provide for more companies, better tactical mobility, continuous fluid operations, increased anti-tank firepower, and better command and control. The strength and numbers of combat support and combat service support units will be increased to reduce the "hollowness" of the force. In addition, Host Nation Support (HNS), if funded in FY 84, will assist in compensating for tactical support shortfalls.

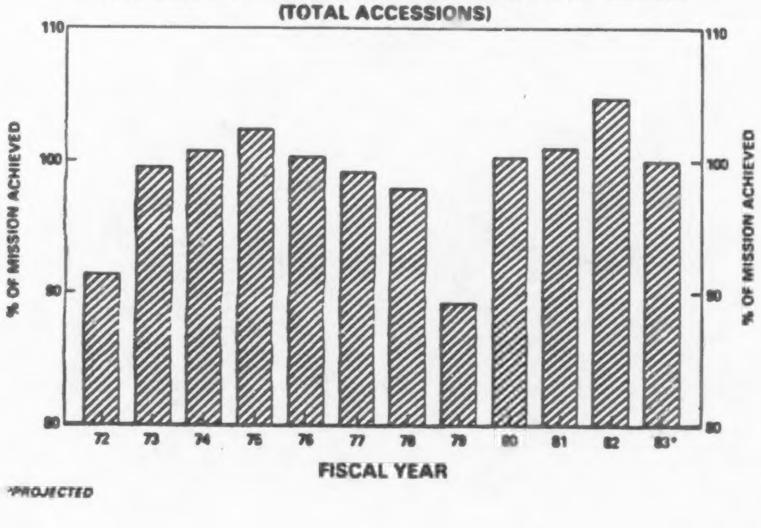
Specific force structure improvements for the heavy division include: conversion of US Army Europe (USAREUR) divisions from 11 to 10 maneuver battalions with a corresponding increase of 34 combat companies in FY 84; conversion of Active and roundout units in Forces Command heavy divisions --an increase of 21 Active Component and 15 Reserve Component maneuver companies in FY 84; an Authorized Level of Organization (ALO) of 1 for all Active and Reserve Components heavy divisions and brigades except RC separate brigades; and, improved supportability within the division base that includes a forward support battalion in the divisional brigades.

The Army is embarked on an ambitious program to improve the combat power of its light divisions. This program continues to accelerate and evolve as we proceed toward producing a more lethal, survivable, and tactically and strategically deployable light division. The objective of the program is to field a prototype High Technology Light Division by FY 86. To this end, the transition of the 9ID will begin in March 1983, with the reconfiguration of eight units to prototype designs. The Army considers this effort to be a major program of significant impact on the Army's force structure and materiel requirements. This redesigned light division will provide the National Command Authority with a wider range of employment options for strategic planning and meet the land combat contingency requirements of the Unified Commands.

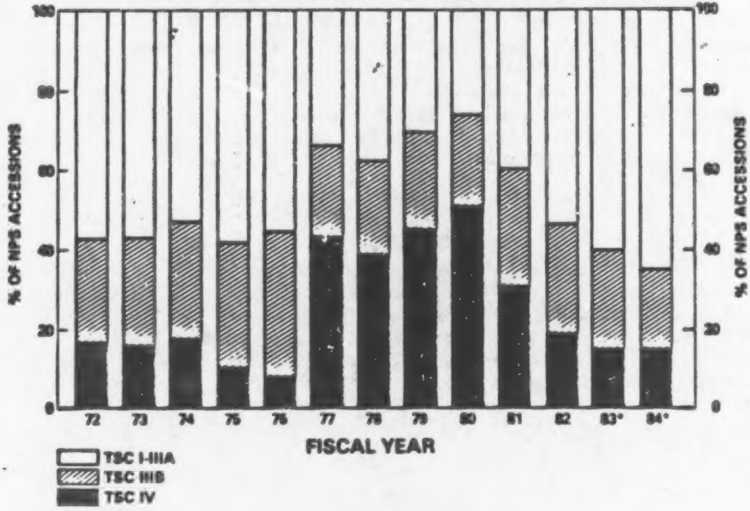
MANNING

One of the most fundamental improvements in readiness has been in the quality of our soldiers. The Army's overall manning goal is to fill the force with civilian and military professionals who serve loyally in rewarding careers. To do this, we must attract and retain high quality people; a corollary is that we must set and enforce high standards. The record shows that we are improving significantly in these areas. We have met our recent recruiting targets, and we expect similar success in 1983 (See Recruiting Mission chart). The most highly publicized improvement is in the quality of our new enlistees. (See Test Score Category and High School Diploma Graduate charts). To a large degree this is a result of economic factors -- pay levels, general employment conditions, and education benefits.

ACTIVE ARMY
PERCENT OF RECRUITING MISSION ACHIEVED
(TOTAL ACCESSIONS)

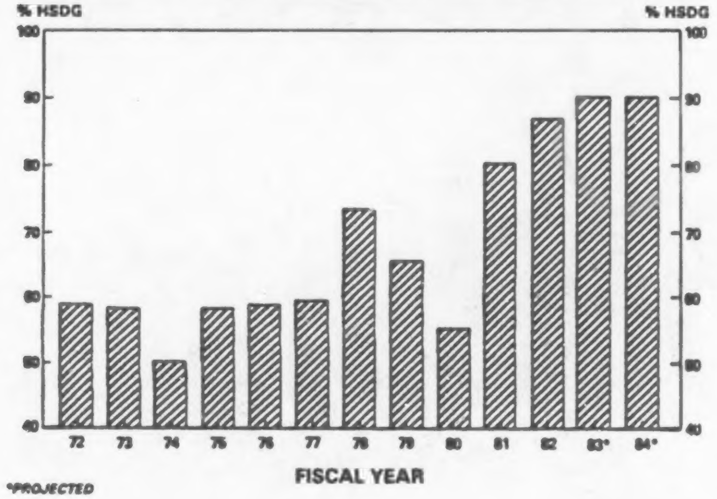


ACTIVE ARMY
TEST SCORE CATEGORY OF ACCESSIONS AS A % OF NON-PRIOR SERVICE (NPS) ACCESSIONS



*PROJECTED

ACTIVE ARMY
HIGH SCHOOL DIPLOMA GRADUATES AS A PERCENT OF TOTAL NON-PRIOR SERVICE (NPS) ACCESSIONS

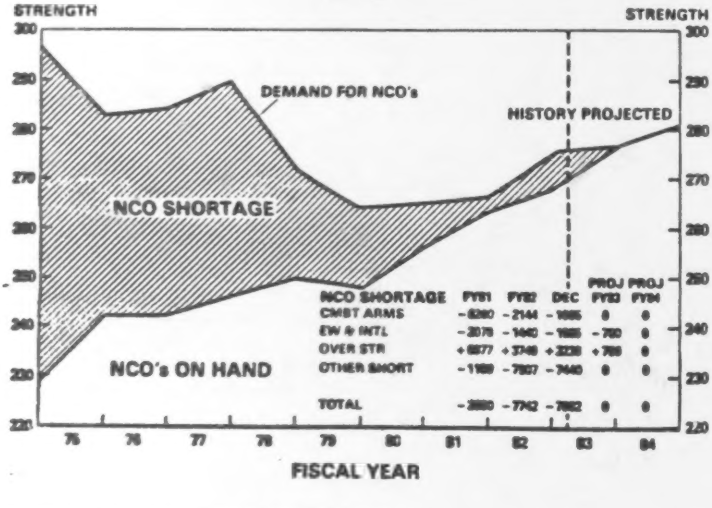


*PROJECTED

More than half of our recruits in FY 82 were in upper test score categories, 86% were high school graduates, and a fair share are going into the combat arms. Not surprisingly, given these facts, our surveys find that officers and NCOs are upbeat about their new soldiers; statistics show that drug abuse and crime rates are at their lowest points in years. We are also improving in the area of NCO grade structure; shortages are smaller than they once were, but we still have a way to go. For example, we were short 6,260 combat arms NCOs in FY 81. We reduced this shortage to 2,144 in FY 82, and plan to be in balance by the end of FY 83, except for some sporatic short term shortages due to reorganizations (See Top 5 Enlisted Strength chart). Better retention rates help us do this. Reenlistment rates are over 60%, and we could reenlist more but we are limiting reenlistment to only the best people (See Reenlistment Rate chart). The range on the FY 83 and FY 84 projections reflects uncertainty about the economy and possible effects of the FY 84 pay freeze. We must recognize the importance of pay comparability and retirement security as factors in retention and especially retention of quality personnel (See Career Re-up Quality Trend chart). They are, respectively, the first and third place considerations among careerists in the most recent Soldiers Report. NCO's in the higher test score categories are considerably more sensitive to pay and economic trends. There was a dramatic upswing associated with the FY 81 and FY 82 pay raises, which resulted in a corresponding improvement in the quality content of our mid-career reenlistees. During FY 82, almost 7,600 or 90% of our eligible category IV mid-career personnel reenlisted, while we retained about 39,000 or 84% of the careerists in the upper three categories. Unfortunately, preliminary FY 83 first quarter statistics indicate quality reenlistments are beginning to decline.

TOP 5 ENLISTED STRENGTH

E5—E9

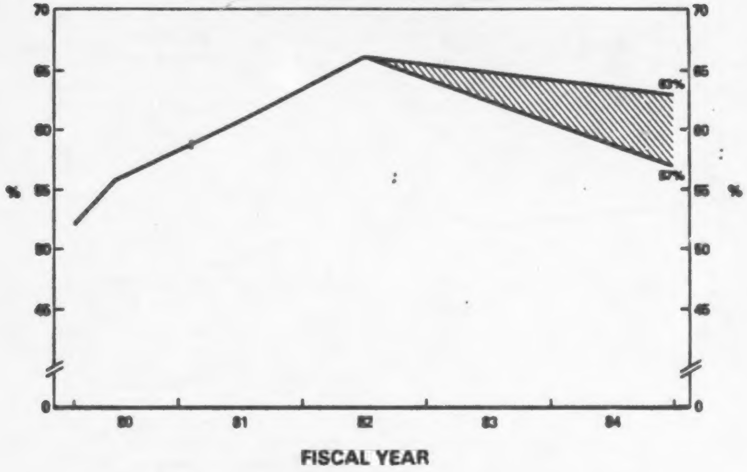


NCO SHORTAGE	FY81	FY82	DEC	PROJ FY83	PROJ FY84
CMBT ARMS	−6260	−2144	−1085	0	0
EW & INTL	−2078	−1440	−1685	−700	0
OVER STR	+6577	+3748	+2228	+700	0
OTHER SHORT	−1169	−7907	−7440	0	0
TOTAL	−2880	−7742	−7982	0	0

80,000 SHORT IN FY 74—NO SHORTAGE BY THE END OF FY 83

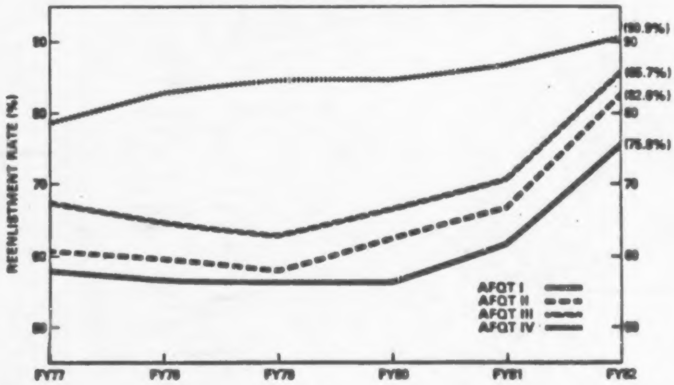
REENLISTMENT RATE

21 MONTHS TO 10 YEARS OF SERVICE



FY83 AND FY 84 PROJECTED FROM FY 82 TO BE 60% ± 3% BY END FY 84.

CAREER (OVER 3 YRS) REUP QUALITY TRENDS



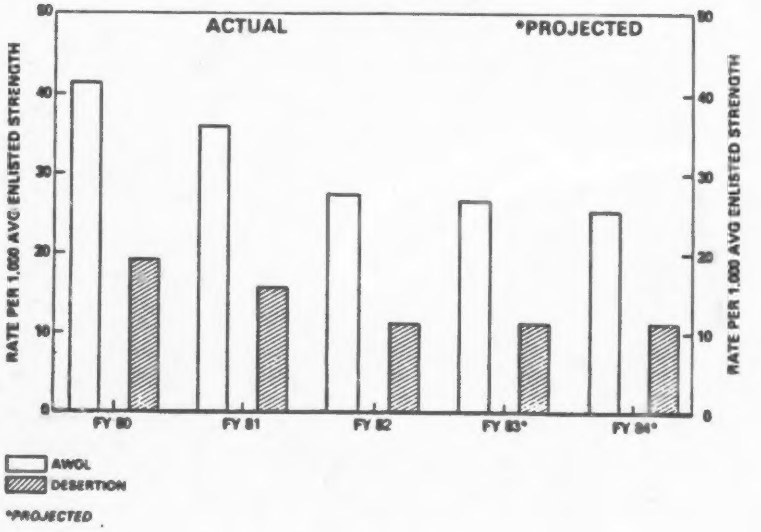
UNEMPLOYMENT RATE	7.0%	6.0%	5.8%	7.1%	7.4%	9.4%
PAY RAISE	4.8%	7.1%	5.5%	7.0%	11.7%	14.3%

QUALITY CAREER REENLISTMENTS ROSE (BOTTOM TWO LINES) SIGNIFICANTLY IN RESPONSE TO THE FY81 AND FY82 PAY RAISES.

We have other indicators that we are achieving our manning goals. Total fitness is improving: renewed emphasis is being placed on weight control, and conditioning programs are working. We are doing a better job of making individual families part of the Army family. Overall, turbulence is down slightly. Once again, room for improvement remains. In this regard, our expanding project COHORT will do much to relieve personnel turbulence within units.

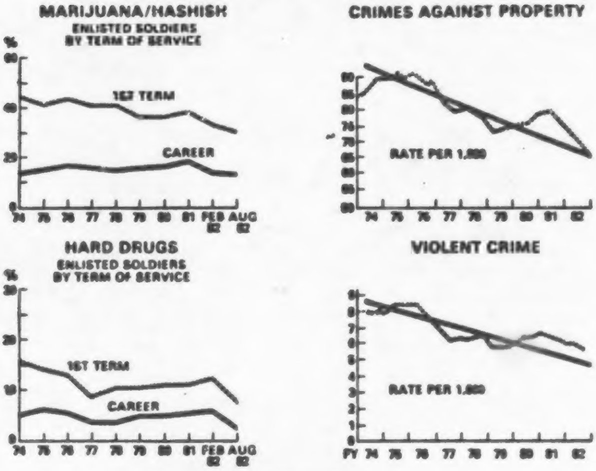
We find that our recent, higher quality accessions are easier to train, better at their jobs, and less inclined to get into trouble. Our AWOL and desertion rates continue to decline (See Army Absenteeism chart). Our drug use rates are at their lowest level since 1974 (See Drug Use Status Report chart). There is some correlation between drug use and the commission of other crimes so we view the declining crime rate as a beneficial result of the declining drug use rate. Even though our crime rates have declined, court martial rates have remained fairly constant because, through improved enforcement, we are catching and prosecuting a larger percentage of a declining number of offenders (See Army Worldwide Court-Martial chart).

ARMY ABSENTEEISM



DRUG USE STATUS REPORT

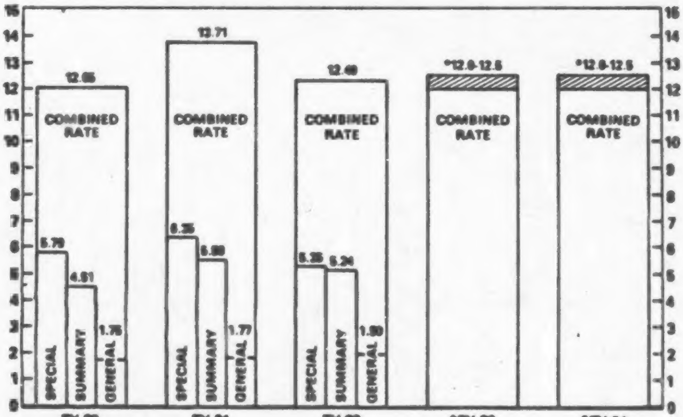
LOWEST SINCE 74



FACTORS AFFECTING DECLINE:
- ACCESSION QUALITY
- CDR AUTHORITY TO ELIMINATE ABUSERS
- SUPRESSION EFFORT
- CMD TOLERANCE

ARMY WORLDWIDE COURTS-MARTIAL

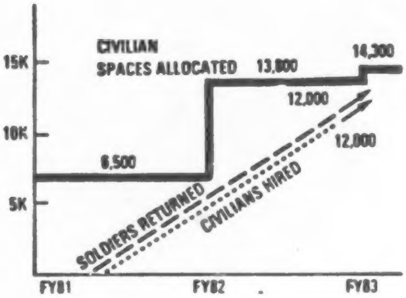
RATES PER 1,000 POPULATION (FY)



SOURCE: LEGAL SERVICES AGENCY *PROJECTION (OFFICE OF ARMY LAW ENFORCEMENT)

On the other side of the coin, there are several weaknesses in manning the force. First, critical skill and grade shortages still exist in some areas, mostly in the noncombat arms. While the Army's force alignment initiatives should eliminate the 7,742 enlisted senior grade shortages by the end of FY 83, skill shortages will still exist in areas such as electronics maintenance and intelligence. Enlistment and reenlistment bonus programs must be supported even during periods of high unemployment, in order to attract and retain the high-aptitude soldiers required in these career fields. These high-tech skill shortages are also critical in the Reserve Component as we pursue essential modernization across the Total Army. Even civilian end strength programs affect readiness. Increased civilian space authorizations enable us to return trained soldiers to troop units (See Civilian Manpower chart).

CIVILIAN MANPOWER



Increased civilian space authorizations have enabled the Army to return substantial numbers of soldiers to troop unit duties.

Qualitative concerns form a second shortfall area in personnel readiness. As mentioned above, the quality of our new accessions and measures of total fitness show improvement; however, our accessions from the recent past include many people without the aptitude to be effective leaders or to be retrained in critical skills. Fortunately, current economic conditions and careful management are enabling us to selectively reenlist only the best people. Similarly, personnel turbulence is a qualitative concern as it affects unit cohesion and motivation.

As stated recently by a major overseas commander, shortfalls in service quality of life have a detrimental impact on force readiness. Lack of quality living and recreational facilities, especially in overseas areas, is a major concern. Retrenchment from full pay comparability will definitely affect our retention of quality people. Budget limitations on Permanent Change of Station (PCS) reimbursement and civilian health care benefits reduce the attractiveness of service life.

In general, our outlook for the future is bright. Our top priority, of course, is holding on to the improvements already made, particularly in the areas of quality recruitment and retention. Continued success in these areas requires that military compensation must remain competitive with civilian pay. We believe that economic recovery will not seriously impair our ability to recruit and retain quality people, as long as our compensation package (which includes allowances and benefits) remains comparable. However, economic recovery, coupled with a backslide in pay equivalence, would dramatically roll back our recent gains.

While consolidating our gains is the first priority, we recognize a need to build on these gains and move further in certain areas. We are looking at a plan to tighten our drug and alcohol abuse standards for officers, and our discipline standards across the board. We will further pursue our fitness initiatives, holding our people to high standards here as well. Remembering that pay is not the only quality-of-life issue, we need to work also on these: housing; schools; medical care; and morale, welfare, and recreational support facilities for the total force. We must continue to move towards complete alignment of our personnel inventory with manning requirements, and simultaneously provide more leadership training for our junior NCOs earlier in their careers. Better force alignment, along with an end strength authorization compatible with the force structure our national strategy requires, will go far towards reducing turbulence. Our internal adjustments between TDA and TOE strengths will also help to stabilize our people. Finally, we must enhance full-time manning in our reserve units to cut the administrative burdens on the leadership in these units.

EQUIPPING

Adequately equipping the Army will have a greater impact on force readiness than any of the other functions. The Army's equipping goal is a Total Army equipped and sustained to win any land battle. This major effort began with analyses of modern threats and development of new battlefield concepts that describe an approach to developing new equipment. This concentrates resources based on doctrinal concepts for the future. To achieve our goals, we must focus efforts to redress quantity, quality, and age problems. We are working toward a goal of meeting 100% of equipment requirements. Recent budget increases by the Congress, beginning with the FY 81 Supplemental, have allowed the Army to take important steps toward resolving its equipment deficiencies, both shortages and obsolescence. Increased funding has also enabled the Army to stabilize the production rates of critical programs -- the prime prerequisite to achieving cost discipline and control. However, we have not been able to achieve our goal of meeting 100% of our equipment requirements due to affordability.

Today the Army is short a large amount of equipment, especially such items as wheeled vehicles, support equipment, and command, control, and communication equipment, which are needed to bring units up to full strength and to fill war reserve stocks. There are units today -- Active, National Guard, and Army Reserve -- which simply do not have all of the equipment they should have. Reducing these shortages must take the highest priority since we do not know when or where our nation might be challenged by an enemy. Our major concern has been that our rate of progress has not been sufficient to provide our soldiers equipment that is at least qualitatively equal to that held by the Soviets.

Funding for supporting requirements, such as equipment, personnel, training, and logistics, will be aligned in keeping with "First to Fight" precepts. This precept is applied in the distribution process regardless of component. Roundout units will be equipped with the active units they roundout. Organization changes which assigned Reserve Component units roundout missions and Rapid Deployment Force missions, have had a substantive impact on the prioritization process. As such, Reserve Component units receive equipment at a more accelerated rate than ever before. For example: the 2-252 Armor Battalion, North Carolina National Guard, will receive 63 M1 tanks this fiscal year. Additionally, the 48th Infantry Brigade, Georgia National Guard, recently received 66 new M60A3 tanks and 51 TOW antitank missile launchers. As a roundout brigade for the 24th Mechanized Infantry Division, the 48th Infantry Brigade has a higher claim on new systems than many Active Component units.

Today we have systems such as the M1 Abrams tank, the Black Hawk helicopter, and the Stinger air defense missile in production and in the field. Other systems such as the Multiple Launch Rocket System (MLRS), the Bradley Fighting Vehicle, the SGT York Division Air Defense (DIVAD) gun, and the Apache Attack Helicopter (AH-64) are headed for full production.

We will continue also to use product improvement programs that are designed to build on systems already in the inventory. The M60 series tank -- a product of the late 1950s technology -- is one example of evolutionary development through product improvement. The latest version, the M60A3, incorporates a laser rangefinder, thermal sights which penetrate darkness and obscurants, and a ballistic computer which automatically lays the gun for the correct range and lead angle. The result is a 20-year-old tank which continues to be a formidable opponent on today's battlefield.

The CH-47 Chinook medium-lift helicopter, which was fielded in 1962, is another example of our product improvement program. The modernization program currently underway will extend the useful life of the CH-47 fleet beyond the year 2000. The Chaparral and Hawk air defense systems, the TOW antiarmor missile, and the Cobra attack helicopter are but a few of many other systems which have had their operational capabilities upgraded and lifetimes extended by product improvement.

The increased capabilities offered by modern equipment are exploited fully only when employed in concert with doctrinal and organizational concepts that I previously mentioned. It is envisioned that the JOINT STARS systems and Precision Location Strike System (PLSS) will provide us with the capability to locate enemy formations deep inside their own territory, while the Joint Tactical Missile System (JTACMS) will strike these deep targets. Advances in microprocessor technology and our new command and control communications systems will provide our commanders with the ability to orchestrate these battles. This is an area which, if properly resourced and developed, will provide a real edge over any potential adversary. Automation and other command and control initiatives can enable us to generate and sustain a pace and precision of operations that will permit us to "turn inside" our opponent's "Decision - Action" cycle and gain a significant operational advantage.

The most pressing barriers to fielding our new systems, and doing so in sufficient number, are now primarily fiscal rather than technological. Consistent Congressional funding will allow us to stabilize programs at efficient production rates. We are also working closely with Congress to insure the best use of multi-year and second sourcing contract methods to promote competition, cost efficiency, and improved program stability. Any further reductions in our already austere FY 84 budget request could jeopardize these initiatives. Internal to the Army, we are initiating ways to better discipline our cost estimating process, our fiscal management process, and our program procedures. We are also improving our internal long-range planning which will better link equipment requirements and fiscal realities.

The Army views equipping the force as including both the upgrade of equipment with improved, modern replacements and the correction of equipment shortages. Investment in readiness without modernization perpetuates not only less modernization, but also an army that is not ready to meet the threat today or in the future. In addition, if we fail to consider the inextricable relationship between equipping and modernization, our view of readiness will be too narrow. For example, acquisitions of M1 tanks are considered modernization. But the ability of the M1 to fight all day and all night, to get more quickly from one place to another, to fight on the move, and to achieve improved survivability generally has also affected readiness. We are correcting the Army's equipment problem in terms of quality, quantity, and age of equipment.

TRAINING

Another critical aspect of readiness is training. The Army must develop and sustain combat ready forces able to mobilize, deploy, and fight worldwide across the full spectrum of conflict and win. Major gains have been made in meeting this training challenge.

The National Training Center at Fort Irwin, California is one of our most important training initiatives. It is a national training resource where we realistically simulate combat for Active CONUS Forces and later this year for selected Reserve Component battalion task forces. Units are challenged in rugged training on an integrated, instrumented battlefield opposed by well-trained and equipped forces. We trained 16 battalions in FY 82 and expect to train 18 in FY 83 and 24 in FY 84.

We have also moved forward on tougher individual and improved proficiency training for our soldiers and their leaders. Basic Training has been extended from 7 to 8 weeks. This has provided units with better trained, disciplined, and motivated soldiers and reduces the individual training burden, typically about 45% of the required individual skills for our combat soldiers, which must be taught in the receiving unit. Physical training across the Army is also receiving necessary added emphasis.

Leadership development is particularly important to us as we modernize our forces and face the complex demands of the future battlefield. Increased emphasis is being placed on tactical training in both our schools and units. Officer and NCO training programs have been improved and expanded further. Our officers are taught how to think critically, not what to think. NCO schooling emphasizes technical expertise and practical application. For both, we are providing tough schools and vigorous continuing unit leader development programs.

The Army has continued to emphasize its orientation on the Airland Battle and participation in Joint Exercises. Exercises were funded at $51.6M in FY 81, $61.2M in FY 82, and are currently programmed at $67.4M in FY 83 and $65.8M in FY 84. The FY 83 program includes 46 Joint/Combined exercises worldwide. Increased Reserve Component involvement has been realized through the expanded Overseas Deployment Training Program. The Army Training and Evaluation Program (ARTEP) continues to be the capstone of our unit training program. My assessment is that we are conducting ARTEPs better than ever.

We do have some training shortfalls; however, and we are taking positive action to meet those across the spectrum of training.

Shortages of combat arms NCOs, particularly in the middle grades, have degraded training in our major combat units, but our personnel managers project that the numbers will improve by the end of FY 83. NCO quality will be a major challenge. We must emphasize the Noncommissioned Officer Education System and Noncommissioned Officer Development Program to fix this problem. Personnel turbulence will continue to affect training effectiveness. Our initiatives with Project COHORT and unit replacement will create more stable, cohesive combat units and should offset this problem.

Training facilities, ranges, and areas are a major problem, especially in USAREUR. Unit status reports continue to report this as a major training constraint. Dollars are being provided, but a long term fix is needed. Along with intensive management efforts, we must rely more on devices and simulation.

Adequate ammunition is essential to support multi-echelon training --from individual and crew level qualifications to integration of all unit weapons into a realistic combined arms live fire training environment. Training ammunition requests for FY 83 were more austere than FY 82 and will remain constrained until FY 85. Again, we intend to offset this constraint, to some degree, through increased use of validated training devices and simulators.

The Army recognizes that the training base needs more resources to meet its peacetime and mobilization requirements. We have partially fixed the manpower situation as directed in the FY 82 Appropriation Bill by establishing higher resourcing levels; however, training base capacity is still constrained primarily due to the lack of facilities and equipment.

SUSTAINING

We are steadily improving our stockpiles of war reserve materiel based on increased Defense spending. However, days of supply for many commodities are below levels required to exploit fully unit combat capabilities. However, we will improve our strategic stockpile of major items, secondary items, and ammunition by the end of the FY 87 Funded Delivery Period based on current programs.

We are making steady improvements in our Combat Service Support (CSS) forces. However, many are in need of additional manpower and equipment to do their jobs. One of the most encouraging combat service support improvements in the offing is the US/GE Wartime Host Nation Support (WHNS) Agreement. This Agreement calls for approximately 93,000 German reservists, in time of crisis or war, to perform service support functions for US Forces. About 68,000 of these reservists will support the Army, thus reducing the requirement for US Army support units. The German government would pay and train these soldiers and identify German civilian equipment which could be used by the reservists upon mobilization. The US would pay for equipment not available from these civilian resources.

We have shortfalls in many of our war reserve commodities. Although the nation has always risen to the challenge to provide supplies and CSS forces, we have also had time to build up our capability. Today, we expect little warning time. We will find ourselves in a precarious position unless we build up both our materiel war reserves and the units who must issue them. These "war-stopping" deficiencies are receiving our greatest attention.

Currently programmed actions will move us to improved sustainability by the 1987-88 timeframe. The problem we face is a high risk of early combat failure during the years until then. We are carefully evaluating what we buy to insure it is in balance and will deliver the maximum number of days of staying power within our constrained resources.

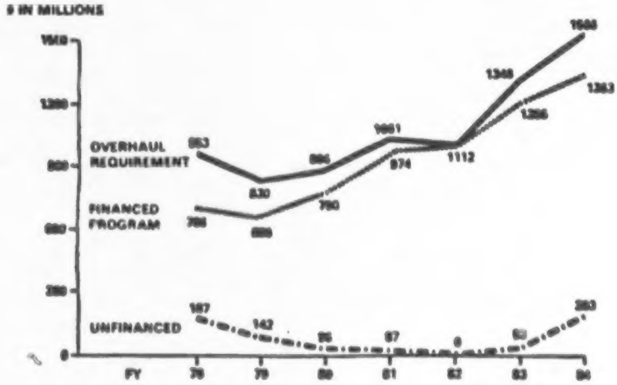
Today, we are moving forward on all fronts with corrective actions to help improve our staying power. An example of such improvement relates to our fuel and ammunition systems. Our ability to distribute bulk fuels and ammunition to forces in Europe and to the Rapid Deployment Force is inhibited by fuel and ammunition handling and distribution shortages. Moreover, there are shortages in bulk petroleum war reserves and deficiencies in our capability to deliver large volumes of petroleum over-the-shore in a bare base environment. Funds to improve petroleum units, bulk petroleum stocks, and over-the-shore delivery systems are requested in the FY 84 budget. Some key equipment for petroleum units will be prepositioned in Europe, and the United States Army, Europe is improving its petroleum general support base. In FY 82 two tanker discharge systems were delivered to provide over-the-shore bulk petroleum capability. Our FY 84-89 program provides for service and support units planned for activation. It also provides for improving ammunition handling and distribution.

The depot maintenance program makes an important contribution to the Army's peacetime operations, training, readiness and warfighting capabilities by overhauling and modifying equipment and supporting the total Army with maintenance engineering services. Furthermore, maintenance is an important element in the fielding and sustaining of new weapons systems. In FY 82, the Army initiated a successful effort to fully finance all required hardware materiel maintenance each year. In FY 83 and 84, a prudent risk of deferring some work, in the near-term, must be taken in order to afford other higher priority modernization and readiness initiatives. As a result, the hardware maintenance unfunded requirement will grow to $203 million in FY 84, while maintenance support functions remain underfunded by $287 million. (See Depot Maintenance Program charts.)

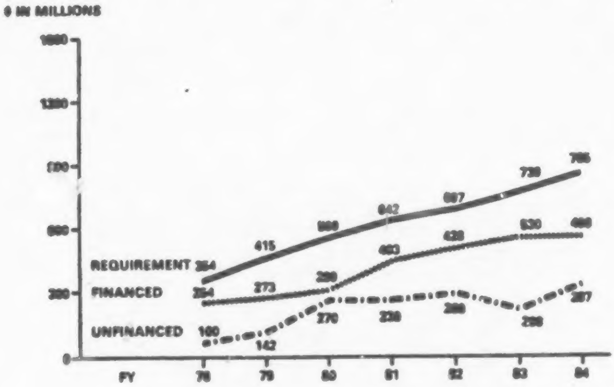
DEPOT MAINTENANCE PROGRAM

MATERIEL MAINTENANCE AND MAINTENANCE SUPPORT

Materiel Maintenance Activities consist primarily of the overhaul repair, and renovation of materiel for return to the supply system



Maintenance Support Activities include maintenance, technical and engineering support services; update and printing of maintenance publications; new equipment training; technical assistance to troops in the field; provisioning documentation, and development and update of Depot Maintenance work requirements.



MOBILIZING

Our ability to mobilize the Total Force is a crucial aspect of readiness. The Army has made substantial progress in preparing for mobilization. Our efforts can be categorized under three general headings: Reserve Component Management (Readiness Enhancing), Mobilization Base Expansion, and Industrial Base Expansion.

Under the provisions of the CAPSTONE program, the Army has aligned Active and Reserve Component units in organizational structures to support NATO and Southwest Asia operation plans. The CAPSTONE program, in concert with the Affiliation program that includes RC roundout of Active Component forces, has increased readiness through improved planning and realistic unit training. Planned initiatives call for the publication of CAPSTONE alignments for the Pacific and the CONUS sustaining base, and consolidation of various related programs, including Affiliation, under the CAPSTONE umbrella. The planned recall of over 100,000 retirees under the retiree recall program will be effective in providing personnel to man the CONUS sustaining base, and reducing the pretrained manpower shortfall. The Full-Time Unit Support program, at the end of FY 82, has provided an additional 6,052 Active Duty and Active Guard/Reserve Full-Time Manning (FTM) personnel to high priority Selected Reserve units. These personnel provide the needed skills and manpower to improve training, administration, and logistics, and to assist in mobilization planning and preparation. The resultant, increased RC readiness enhances our mobilization capability. I want to particularly stress the need for continued support of the FTM program to meet the programmed strength of 23,545 by the end of FY 88.

Efforts continue to enhance our capability to meet anticipated mobilization station and training base requirements. Programs are being executed to provide basic computer support at mobilization stations for both base support operations and command and control. A mobilization construction program has been developed which reduces construction response time by 90 days by providing plans, design, and site adaptations for essential mobilization facilities. This program has also been useful in helping to identify mobilization construction requirements for approximately 700 projects costing approximately $4.6 billion, and serves as the basis for limited construction of some long lead-time projects such as utilities and road networks. We continue to address equipment shortages, our most significant training base deficiency. Training base equipment requirements were refined during the just completed mobilization exercise -- PROUD SABER 83. Correcting this problem will require significant investments.

Although the United States has one of the strongest industrial bases in the world, by the sixth month after mobilization only about 25 percent of the Army's hardware items can be produced at rates equaling mobilization requirements. The Army has several initiatives, however, to lessen the magnitude of the problem. We have initiated a program to contractually obligate industry to surge production of hardware items, such as M198 howitzers, to predetermined levels. We are developing a method of comparing requirements with capabilities and determining the sensitivity of the industrial base to various external factors, such as foreign supply of critical components. We are seeking legislation which would provide the President authority to begin industrial base production of equipment necessary to provide items to forces at declaration of national emergency. Funds have been provided for maintenance of reserve industrial production lines to correct deferred maintenance and reduce the time required to establish the lines after mobilization. Your past support has enabled the Army to reduce deferred maintenance to manageable levels. Your continued support will enable us to conduct the additional planning required for modernization.

DEPLOYING

Deployment of forces is a process consisting of a series of steps that must be taken in order to project the Army to any part of the globe to counter a wide spectrum of threats. These steps involve actions occurring during the predeployment planning phase, all the way to moving the units within the theater of operations after they have been delivered by strategic airlift and sealift.

The Army continues to make progress improving our deployability on this side of the ocean through increased deployment training. We have been working with the civil sector to reduce the time required to muster commercial rail, motor, bus, and air assets to meet our deployment time requirements, as well as improve the domestic transportation movement system.

Army forces are rarely employed separately. We deploy and fight as a part of a Joint force to optimize the capabilities of each Service in the theater of operations. In such a deployment, all Services are competing for available strategic mobility assets. Airlift and sealift are the most critical areas of strategic mobility and need the most attention. In the airlift arena, procurement of additional C-5B aircraft will greatly improve intertheater (long-range) movement capability; however, the C-5B does not satisfy all the Army's airlift needs. The capability to deliver outsize equipment directly to forward areas, operate that aircraft in and out of small, austere airfields, and airdrop outsize loads remains an unfulfilled airlift requirement. The C-17 meets all these needs, plus it can perform as an intertheater airlifter. We must continue to pursue an alternate airlifter option past the C-5, as well as support the Air Force on a long-range airlift acquisition program.

I believe that strategic sealift is an area needing renewed emphasis. The combination of the steady decline of the US maritime industry, increased use of containerships, and the age of the Government-owned sealift fleet place the major deploying and sustaining asset -- sealift -- in a critical state. We are not sitting idly by, as evidenced by the Navy's acquisition of 8 fast SL-7 containerships which are scheduled for conversion to Roll-on, Roll-off configuration by the end of FY 86, and expansion of the Government-controlled Ready Reserve Force to 61 cargo ships. These programs, however, are simply not enough. Additional fast, militarily useful ships are needed for timely deployment of forces to Southwest Asia or Europe. This is a critical need for the effective deployment of US Army forces.

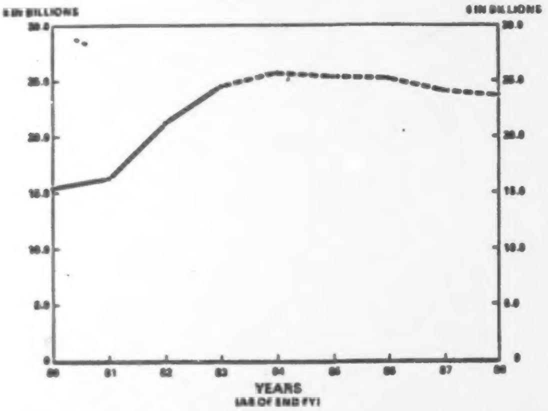
We have programmed for a logistics-over-the-shore capability to insure the Army can offload sealift cargo in an austere environment. We are continuing to refine LOTS requirements and over-the-shore capability in close coordination with the Navy.

When compared to requirements, we have a long way to go in obtaining the capability to deploy the force in the time required to fight the war. The Army strongly supports the other Services' programs to reduce the shortfall and the need for additional strategic deployment improvements.

FACILITIES

Modern, sophisticated weapon systems place increased importance on adequate, modern facilities. Competition for the better educated and more desirable soldier requires the Army to provide better facilities if it hopes to acquire, train, and retain needed quality manpower. Currently, the Army has more than 200,000 buildings in its inventory with a replacement cost exceeding $150 billion and an average age of more than 37 years. In an attempt to alleviate unsatisfactory conditions resulting from this aging physical plant and reduce construction backlog, the Army has continually increased its Military Construction, Army appropriation requests. The majority of this increase has been devoted to projects supporting readiness, force modernization, force structure, support for forward deployed forces, and quality of life improvement. Force modernization and the facilities necessary to field, train, and operate the new weapons systems are inextricably linked so must be mutually supported if modernization is to be accomplished. Future requests will focus to a greater extent on replacing and modernizing the physical plant. If we obtain the MCA funds in our five year program, the extensive construction backlog that exists will begin to decrease during FY 85 (See MCA Backlog chart).

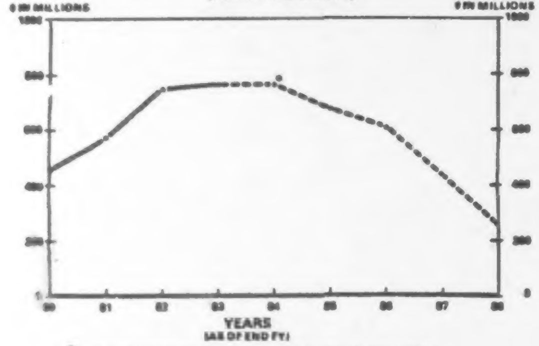
MCA BACKLOG



Particular attention is being given to unaccompanied personnel and family housing. Our program should eliminate the existing shortfall in adequate barracks by 1992 and the backlog in family housing improvements by 1991.

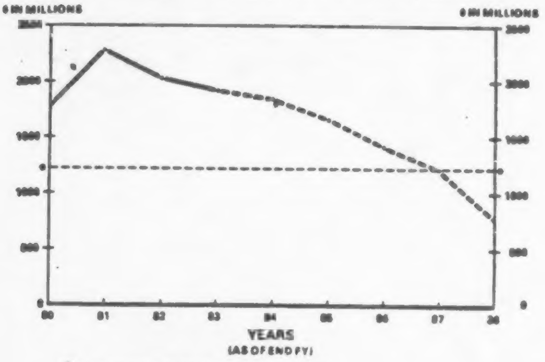
At the same time, the Army's requests to operate and maintain the physical plant have increased. This influx of resources started the downward trend in the backlog of maintenance and repair (BMAR) in FY 82 and will "turn around" the growth of family housing deferred maintenance (DMAR) in FY 85. The DMAR reduction would have begun sooner; but, by assuming responsibility for all DOD housing on Oahu on 1 October 83, the Army will inherit an additional $57 million in DMAR. Nevertheless, our program will permit the Army to attain what we consider to be a management level in BMAR and DMAR by FY 89 and FY 88, respectively (See BMAR and DMAR charts).

BACKLOG OF DEFERRED MAINTENANCE & REPAIR (DMAR)
(FAMILY HOUSING)



* INCLUDES BACKLOG ADDED BY OAHU CONSOLIDATION ($57M)

BACKLOG OF MAINTENANCE & REPAIR (BMAR)



*CONGRESSIONAL CONTAINMENT LEVEL: 1341

However, any large scale reduction in the Army's future facility programs will have an unacceptable impact. If reductions become necessary, mobilization planning, minimum essential new construction, and improvements to quality of life would, by necessity, be slighted in favor of essential quick fixes to the rapidly aging physical plant. If facilities' accounts continue to be used as budget balancers, substandard facilities will continue to be used, thereby severely affecting the Army's worldwide readiness posture.

HOW THE ARMY EVALUATES READINESS

Finally, all of the elements previously discussed contribute to the overall readiness condition and various techniques are constantly employed to assess the readiness of the Army. Readiness reflects the capability of the Total Army, as perceived by its members, allies, and potential foes to satisfy mission requirements. The Army's leadership continuously conducts both formal and informal evaluations of readiness.

For example, the Secretary of the Army and the Army Chief of Staff and Vice Chief of Staff frequently visit units in the field. In talking to our unit leaders and soldiers, they observe informal readiness indicators such as attitude, morale, discipline, and esprit de corps.

Additionally, Army component commanders of unified and specified commands provide their readiness assessments and requirements to Headquarters, Department of the Army.

Exercises provide excellent opportunities for us to evaluate readiness in terms of doctrine, deployment and operational plans, equipment, and the state of training in an operational environment. BRIGHT STAR 82 deployed Rapid Deployment Force units to Egypt for desert operations. REFORGER 82 moved over 18,000 CONUS soldiers (including 1,900 from the Reserve Component) to prepositioned equipment in Europe, and it evaluated their capabilities in the CENTAG Field Exercise CARBINE FORTRESS. TEAM SPIRIT 82 exercised lift capability and force readiness of units reinforcing Korea. Lessons learned will lead to refinement of doctrine and plans, the identification of areas that need additional training, or the development of new requirements for environment-peculiar equipment.

The Army is also concerned about the impact of sustainability on readiness; specifically, how to improve the staying power necessary for us to balance the Soviets' ability to endure a prolonged conventional conflict -- to improve continued readiness. We measure sustainability in terms of days of supply of materiel stocks. Days of supply requirements for war reserve stocks are developed based on wargaming. Equipment and materiel losses are developed based on the character of combat, and are based on factors such as current usage rates and data from prior conflicts. The calculations of war reserve requirements are reexamined annually to insure accuracy. Similarly, related wargaming provides the combat service support force structure requirements to handle, maintain, and resupply materiel as it moves by air, sea, and land transport to combat forces, thereby insuring continued readiness. In a nutshell, it is impossible to discuss readiness without considering that equipping and modernizing, as well as sustainability programs, are key variables in the readiness equation.

Since 1980, the Army has concentrated on managing readiness and sustainability to fix near-term weaknesses and shortfalls. Major initiatives which improve readiness include designation of units for the Rapid Deployment Force, development of the 9th Infantry Division as the Army's High Technology Test Bed, extension of initial entry training, establishment of the National Training Center, and the introduction of new equipment with associated doctrine and organizational development to capitalize on the increased capability of new systems. These capability improvements affect readiness, but it is difficult to measure their direct impact on readiness as reported in Unit Status Reports (USR).

For example, since 1979 the M1 tank has been fielded in the 3rd Infantry Division in Europe and in the 2nd Armored Division at Fort Hood, Texas. The M60A3 tank has been provided to the 48th Infantry Brigade (GA ARNG), which rounds-out the 24th Mechanized Infantry Division. These fieldings have improved significantly the firepower, mobility, and survivability of these units, although the USR equipment status (as measured by numbers of tanks authorized) may have shown no improvement.

Another example is the Blackhawk helicopter, which has been issued to Forces Command Combat Support Aviation Companies and Medical Evacuation units. The Blackhawk provides greatly increased capabilities in both tactical and logistical operations.

In the area of training, the 412th Engineer Command, a US Army Reserve unit located in Vicksburg, Mississippi, which has a wartime support mission in Europe, has established a permanent planning cell and has prepared, with the USAREUR staff, Standard Operating Procedures and Operations Plans for European operations. The command has participated in several Joint exercises in Europe since 1981.

It is difficult to demonstrate quantitatively how unit readiness, as currently measured in Unit Status Reports, is affected by these capability and management improvements.

Another aspect of readiness, which may at first glance appear to confuse the situation, is the fact that the Army does not assign Authorized Levels of Organization (ALOs) 1 or 2 to all Army units. Organizing all Army units at ALOs 1 or 2 would exceed the manpower and equipment resources available to the Army. In order to make the best possible use of manpower and materiel resources, the Army has chosen not to field some types of units such as graves registration companies which are not needed in peacetime. Other units, such as ammunition handling companies, which require low skills and are labor intensive are organized at low ALOs because they can be readily filled at the onset of mobilization. Late deploying units may have low ALOs because they can be filled with personnel and trained prior to deployment. Good management practices, such as reduced ALOs for some units, may artificially lower readiness if viewed only through Unit Status Reports.

Before I summarize, there is one other very important issue that must be addressed -- the adequacy of our conventional capability. In the face of steady Soviet expansionism and given the potential for coalition warfare, the retention of a strong, flexible conventional force is imperative, both as a deterrent and as a viable warfighting option. There is a continuing need for a mix of forward deployed forces, strategically deployable augmenting forces, and special operations forces all of which are flexible in application, technologically competent, and tactically sound. Conversely, there is a need to develop strategic forces which are neither so weak that they are vulnerable to counterforce nor so strong that they would pressure the Soviets into precipitous or preemptive actions. Our course should be to pursue a balance between strategic and conventional forces that would include strong conventional ground forces targeted against most likely conflicts. The result of such a balance of forces would be a more flexible capability offering more response options to the National Command Authority (NCA) and a parallel raising of the nuclear threshold.

SUMMARY

In summary, today the Army is embarked upon a course which improves the readiness of its conventional forces through modernization, equipping, and sustaining initiatives. With the resources currently programmed, we see improved readiness in personnel, equipment and training, increased days of supply, and a much improved warfighting capability. However, these programs include only those which are essential to meeting only the most urgent demands facing the Army. They do not meet all our requirements. Inadequacies continue and risks remain. Our most alarming deficiency is, as previously mentioned, in the equipping arena. This area includes not only materiel, but the associated manpower skills, training, support, and facilities required as we pursue essential equipping and modernizing across the Total Army aimed at enhancing readiness and improving capabilities. Sustainability in terms of days of supply and supporting forces, and modernization and deployment initiatives must also be enhanced to insure continued readiness and improved staying power. In light of fiscal realities, we are bringing on -- we think in a deliberate and coherent manner -- a ready, flexible, lean Army with the combat punch and staying power to accomplish our "sustained land combat" mission.

Senator **Humphrey**. I will be referring to your full statement, General Mahaffey, in asking a number of questions.

Let me congratulate you and the Army for the many obvious improvements in the state of our readiness, particularly in the area of personnel, if not equipment and materiel. These improvements generally are not known by the American people, unfortunately, but we are, as you have said, getting something, and what that something is is a higher state of readiness for our money, and I congratuate you for that—not that there are not present problems and new problems on the horizon.

CATEGORY IV PERSONNEL

Focusing first on the area of personnel, you made the point that our new accessions are comprised of a lower number of category IV personnel, and yet I notice that we are reenlisting nearly 90 percent of such personnel once they have served a term. Why is that? Why are we reenlisting such a high percentage of category IV?

That seems to conflict with statements about denying reenlistments to a greater number of people.

General **Mahaffey**. Let me answer in a general way and then ask General Schwarzkopf to go into more detail.

I think it is important to keep in mind the distinction between our first term accessions and our mid-career soldiers. We are, as a matter of policy, seeking to keep to a very low level the number of category IV's that we access into the Army as first-term soldiers. On the other hand, our mid-career soldiers who have demonstrated over some period of time, in some cases up to 10 years, proficiency and effectiveness on his job, given that the career soldiers satisfy the other screens that he must satisfy to be eligible for reenlistment and, finally, has the endorsement of his immediate commander for reenlistment, we are, in fact, reenlisting a good and deserving soldier.

Senator **Humphrey**. Are not these the people you refer to elsewhere in your testimony as lacking in leadership potential?

General **Mahaffey**. They are not. Again, the distinction here is between our initial first-term enlistments and our mid-career soldiers. Mid-career soldiers have demonstrated their leadership potential as a prerequisite to their reenlistment.

Norm, do you want to comment on that?

General **Schwarzkopf**. Sir, our data indicates that we have quite a proportion of category IV's who continue up the chain of command in the Army and become very successful noncommissioned officers. The success rate of category IV NCO's runs about 20 percent for the E–9, E–8, E–7. You cannot say that all category IV's are not going to be good leaders. There is a percentage out there that are very good leaders.

To focus more specifically on your question with regard to the 90-percent reenlistment rate of category IV's, that has also caused us some concern and it is precisely because of this concern that we have initiated much closer management of the reenlistment process in the field.

The latest management initiative that we have put into effect is a reenlistment board which is a procedure requiring everybody in the grade of E-4 and below for first-termers—these are soldiers, now, who have not been selected for or promoted to the grade of sergeant in their first term enlistment—to go before a screening board. It is the same screening board in essence that promotes soldiers to those grades, and we leave it up to the boards and the commanders to determine whether or not these individuals have the potential for continued upward progression to make professional noncommissioned officers.

Unfortunately, the program is too new for us to give you any information on exactly what the outcome will be, but that is one of the management initiatives we have instituted to control this problem.

Senator HUMPHREY. Fine. I just note from the chart on page 7, which was shown in large scale, that the percentage of reenlistment among category IV's for personnel has been climbing slowly from about, I guess 88 in 1981 to about 90 or almost 91, I guess it is, in 1982. Is that continuing upward?

General SCHWARZKOPF. No, sir. That has pretty well tapered and it has been a very flat curve for as far back as we can measure it. The category IV's have a tendency to reenlist regardless of economic conditions, whereas the category I, II, and III-A are variable in their reenlistment rates.

Senator HUMPHREY. Now what is the portent of this preliminary first quarter 1983 decline in reenlistments? Do you have a reason for that?

General SCHWARZKOPF. The only thing we can directly attribute it to, sir, is the tougher standards for reenlistment. These are tougher than we ever had before. This criterion may have affected that curve, but I also think, more importantly, that the pay cap has a direct effect.

We have empirical data that show that our reenlistment rate for upper and middle categories is almost directly related to such things as pay, the pay cap, and changes in the monetary remuneration.

Senator HUMPHREY. What is the difference between categories I, II, III, IV, and so on and AFQT I, II, III, and IV? Is that just another name?

General SCHWARZKOPF. That is just another name, sir.

Senator HUMPHREY. What does AFQT stand for—Armed Forces Qualification? Is that the same category as category I, II, III, IV?

General SCHWARZKOPF. Yes, sir.

DRUG USE

Senator HUMPHREY. I am very glad to see that drug use is down substantially and continuing down. The AWOL and desertion rate is coming down. Crime is down and will continue to come down. These are all very good trends. Likewise, the closing of the NCO shortage gap, that is certainly heartening.

Referring now to page 14, just below the middle of the page, exercise is funded at $51.6 million in 1981 and so on, $67.4 million in 1983, and $65.8 million in 1984—in other words, a decline of nearly $2 million from 1983 to 1984. What is the reasoning behind that? What will be the effect?

General **Mahaffey**. Mr. Chairman, that simply reflects the cyclical nature of some of the joint exercises in which we have forces participating. During fiscal year 1984, we have a couple of exercises that are not taking place. There is no significance to it, and it will have no measurable impact on the overall readiness of the force.

PHYSICAL FITNESS PROGRAM

Senator **Humphrey**. I see. Do you have any means of measuring and any statistics for us on physical fitness and what the trend is beyond a general statement?

General **Mahaffey**. Well, I think it would be of interest to the committee to know that the Army has in fact begun to put major emphasis on a revitalization of our physical fitness program. That takes many different forms.

We have recently established new regulations which deal with both weight control and body fat. We have established a physical fitness center at Fort Benjamin Harrison, Ind., which is charged with the responsibility for continuing to examine new initiatives in the fitness area.

We have added to that—in fact, this program is as much an effort to revitalize our entire life style as it is to get at the problem of overweight and fitness. In that regard, we have developed new master menus for nutrition and feeding in our dining facilities. We have the Surgeon General working on a major task force effort now. So, taken collectively, we have a very broad program that is oriented on improving physical fitness.

We have also gone to a simplified physical fitness test—the three-exercise test—which is now administered throughout the Army at least every 6 months. We do not have an aggregate forcewide measurement of the effects of all that as yet. I expect that we will be receiving those indicators over the next 6 to 12 months.

Senator **Humphrey**. Well, apart from the new program, has there been any tracking over the years of some measurement of physical fitness or percentage of soldiers overweight, or any such yardstick?

General **Schwarzkopf**. Sir, we do not have precise tracking on that. One of the reasons, of course, is because the physical fitness test has changed a few times as have Army weight control standards. But we now have a system that will provide us that information.

First of all, soldiers cannot reenlist unless they have passed the PT test and unless they meet the Army's body fat standards. Second, effective now, on all officer efficiency reports and all senior enlisted efficiency reports there will be an annotation on the report of whether or not that soldier has passed or failed his physical fitness test and the date it was taken and also whether or not that individual is in compliance with the Army weight control program, which will give us a very real measure of fitness and, in fact, be a flag when we see it.

Finally, we have instituted a complete reexamination of our reclassification system based upon lack of physical ability to perform military occupational specialty duties (MOS). In the past, we had soldiers that became physically unfit and were allowed to reclassify into a different military occupational speciality. We are not going to let that happen any more. We are taking a tougher stand on that, sir.

Senator **Humphrey**. Fine.

Senator Levin?

REENLISTMENT TEST SCORES

Senator **Levin**. General Mahaffey, before we get into the readiness question directly, I want to go back to the question of these test scores and indicators on reenlistment.

At one point you used the word "quality," higher quality soldiers. Do category IV soldiers make high quality soldiers?

General **Mahaffey**. No I could not make a categorical statement like that. In fact, many of our very best midcareer noncommissioned officers are category IV's. In general, we can, however, say that there is a positive correlation between the AFQT score, category IV, if you will, and the trainability, motivation, and disciplinary pattern of a soldier. It is in that sense that I use the term "quality."

Senator **Levin**. So there is no correlation directly between the categories. You cannot generalize and say category IV soldiers do not make high quality soldiers.

General **Mahaffey**. No. I cannot do that, but I can say that there does exist the correlation that I cited.

General **Schwarzkopf**. There is a direct correlation, sir, between attrition and AFQT category. The average attrition for categories I to III is approximately 25 percent plus or minus across the board. The attrition rate for category IV soldiers is in the 40's and has been there for quite some time, as long as we have measured it.

Senator **Levin**. Are there some measurements of categories for soldiers who actually do as well or better than other categories?

General **Schwarzkopf**. Yes, sir. Our hands-on tests have indicated that the trainability of the categories I to III soldiers is higher than it is for the category IV's.

Senator **Levin**. Do you have recent studies on that subject?

General **Schwarzkopf**. Yes, sir, we do.

Senator **Levin**. Would you submit them for the record?

General **Schwarzkopf**. Yes, sir.

[The report is retained in committee files.]

Senator **Levin**. Some of your studies showed a lack of correlation and, in fact, a reverse correlation in a number of report measurements, but I will not pursue that now if you would just get us the more current studies that you have.

DEPOT MAINTENANCE BACKLOG

General Mahaffey, the depot maintenance chart that you have in your prepared statement shows that the backlog of 1984 is larger in dollar terms than any year since 1978, and the largest as a percentage of the total overall requirements in 1979.

What accounts for the growth in depot maintenance backlog from 1983 to 1984?

General **Mahaffey**. Let me answer in a general way, if I may, Senator, and ask General Hesson to speak to some of the specifics.

The contributors to that growth in depot maintenance backlog are, first, the Army having to finance out of its own budget allocation a portion of the fiscal year 1983 pay raise. Second, in its markup of our fiscal year 1983 budget, the Congress saw fit to take the equivalent of about $12 million, as I recall, out of those funds that we had targeted against depot maintenance.

Additionally, we have continued to gain insights into the magnitude of our unfinanced depot maintenance requirement associated both with modernization and with the necessity to maintain overmileage fleets of combat vehicles, trucks, radios, and so on.

May I ask General Hesson to expand on that a bit?

Senator **Levin**. I think that probably is adequate. Are there any readiness implications for the growth in the backlog?

General **Mahaffey**. Certainly. We are very much concerned about the growth in the backlog of depot maintenance.

Senator **Levin**. Well, does it make any difference if you have a backlog or not?

General **Mahaffey**. Yes, it does.

Senator **Levin**. Then the bigger the backlog the less likely we are to be ready in that respect? Is that what you are saying?

General **Mahaffey**. It is a direct reflection of the quantity of systems that need to be repaired at the depot level in order to be fully serviceable, and in that sense, it has a clear implication for the readiness of the force.

Senator **Levin**. So in that one measurement we are less ready this year than last year.

General **Mahaffey**. That is correct. We are showing a growth in our deferred maintenance that we wish were not there.

Senator **Levin**. What about maintenance support activities? Is that also not an area where things are worse in 1984 than 1983?

General **Mahaffey**. I'm sorry.

MAINTENANCE SUPPORT ACTIVITY

Senator **Levin**. The maintenance support activity.

General **Mahaffey**. Referring to the general area of training, publications, diagnostic equipment, and so on, yes, it does parallel the growth in unfinanced requirements associated with the actual depot maintenance itself.

General **Hesson**. Senator Levin, in the area of unfinanced materiel maintenance—even though the backlog has grown—the Army is concentrating very heavily on making sure that all of the components are held to either a zero or a very low level so that we have the supply system filled with the components to support the Army.

End items are most affected by the backlog.

Senator **Levin**. Well, should they reduce your requirement?

General **Hesson**. I'm sorry, sir?

Senator **Levin**. Has your requirement changed?

General **Hesson**. The requirement has grown since submittal and was a part of the fiscal year 1983 net $93 million materiel maintenance unfinanced requirement. The decision that was made for the fiscal year 1984 budget, in terms of total balance, was to accept the unfinanced requirement in the depot maintenance column.

Senator LEVIN. I do not see where that $93 million comes from. My chart is higher than that. Maybe I am looking at a different chart. In the unfinanced maintenance support activity, you used the figure $93 million. According to this, it is something like $237 million on my chart, but I cannot quite make it out—$287 million.

General HESSON. Yes, sir. That is the maintenance support category.

Senator LEVIN. And that is growing—from 1983 to 1984 it is higher, right?

General HESSON. Yes, sir. It has gone from $208 to $287 million.

Senator LEVIN. Does that have an effect on readiness?

General HESSON. Indirectly, sir, in the sense that there will be some manuals, some visitations made by the materiel supporters to the field that will be affected, but it was a decision on the part of the Army in the overall budget allocation process to accept that.

Senator LEVIN. I am aware of the decision. My question is are we less ready because we have a growth in that unfinanced column?

General HESSON. Senator, we do not have a way to directly relate an unfinanced requirement to the direct readiness of the Army.

Senator LEVIN. So we should not worry about net growth in terms of readiness?

General HESSON. No, sir.

Senator LEVIN. We should worry?

General HESSON. Yes, sir, we are concerned.

Senator LEVIN. There is no direct relationship?

General HESSON. We can find no direct relationship to net readiness.

ALARM STUDY

Senator LEVIN. The Defense Week article described the ALARM study. Is that an accurate acronym? I do not know who to ask this question of.

General HESSON. I am quoted in the ALARM article and will respond to that.

Senator LEVIN. Is it an accurate article?

General HESSON. No, sir. I was interviewed on the article. Some of the facts are correct. The Army is, in fact, evaluating a better way of assessing internal readiness to support organizations. Earlier, General Mahaffey discussed the issue of how you relate readiness to a C–1 category.

Internal to this article is the fact that we are attempting to find out how we can measure the relationship of special tools, test equipment, supplies, materiel, the quality of training, and skill levels of training to readiness. It was this effort that ALARM went after. The report is titled "A Logistical Assessment of the Readiness to Mobilize." It was an initiative kicked off by the Army to dig deeper into our Reserve components and better prepare them for their wartime mission.

Senator LEVIN. They found that many of the Army support units that would repair heavy equipment on the battlefield do not have the spare parts, the tools, and the test equipment or the manuals—

that is the one you just referred to and said there is no direct correlation—needed to repair the M-60A3's and the M-1 tanks and the howitzers, that they just simply do not have enough.

Is that an accurate statement?

General HESSON. Yes, sir; in some cases that is correct.

Senator LEVIN. And some of those companies that do not have adequate amounts of that type of materiel still are rated C-1. Is that correct?

General HESSON. No, sir. In all cases, that is not correct.

Senator LEVIN. I said in some cases.

General HESSON. Senator, I have no data on C-1 units versus their ability to support the M-1 tank.

Senator LEVIN. My question is, Are there units that are given a C-1 rating that are in that condition that I just described?

General HESSON. There could be, yes, sir.

Senator LEVIN. Should the rating be changed as a result?

General HESSON. We are looking at that. The thrust of the ALARM process was to find a way of better assessing our readiness. The whole effort of the exercise was to assess that process.

Senator LEVIN. Thank you.

Senator HUMPHREY. I would also like to refer to the article. Is it correct that some Reserve units do not know to which units they will be attached in the event of mobilization?

General HESSON. No, sir, that is not correct. We are in the process of going through a realinement based upon war plans submitted by the commanders in chief of the various overseas areas. On that basis, there are periodic readjustments. The process the forces command goes through is to aline units. The process then is to issue a mission letter that tells units from the top to the bottom what their mission is to be in case of war.

In fact, those units, if they are high priority, periodically go overseas and work and live with the units they would support.

Senator HUMPHREY. What about the charts which indicate that repair specialists spend their training time working on trucks and jeeps rather than on the tanks and artillery pieces they are expected to master?

General HESSON. There are occasions, when we do not have on hand modernized equipment in sufficient quantities so they can work on it. An M-1 tank is an example. We issue them on a first-to-fight basis. Following that, Reserve and support units will receive such equipment. We flag those units and they, in turn, will then be issued the repair parts and tools, and arrangements are made for them to obtain the training.

It is difficult for some of the Reserve units, with 48 days a year, to work on an M-1 tank on a regular basis. We have to get them in touch with that equipment.

Senator HUMPHREY. Yet these are the very people who will be rounding out and providing combat service support in the event of mobilization. Yet in the case of many of them, they are not able to lay their hands on the equipment they are expected to know how to repair. Is that correct?

General HESSON. At the early stages, yes, sir, and we are going through the process of correcting that.

Senator HUMPHREY. I imagine that is a pretty extensive problem that is going to require a long time to correct, isn't it?

General MAHAFFEY. We will always be in the process of modernization and realinement. As we modernize the force, we cannot, of course, instantly equip all of the units who would support an M-1 tank battalion, for example. So it does involve time. There will inherently continue to be some realinement of Reserve component units with the Active units as we modernize and as we transfer functions and force structure from the Active to the Reserve components.

That is really the situation that exists today and that this article seems not to have recognized.

Senator HUMPHREY. Yes. Well, the article states, and I believe this is correct, is it not, that about 70 percent of the fighting units deployed to Europe during the first 60 days would be supported almost totally by Army Reserve and National Guard maintenance companies. Is that figure about right?

General MAHAFFEY. That is about right.

Senator HUMPHREY. What part of those supporting units are not able to be realistically trained today? Do you have any estimate on that?

General HESSON. No, sir. The training is a continuum and we have no good measure to reach into the unit and find out how many of their people are MOS-qualified and trained to work on that equipment.

Senator HUMPHREY. Well, this whole mobilization scenario, it seems to me, is pretty optimistic to begin with in terms of transport, air and sea, as a starter, and it is very disturbing to learn, although this is not a new revelation to me, that these Guard and Reserve units that are going to be mobilized are not being realistically trained.

I hear they complain all the time about lack of training equipment and lack of ability to lay their hands on the article that they are expected to master. Are we making progress in this regard?

General MAHAFFEY. We are in both respects. Following that first-to-fight, first-to-be-equipped precept that I referred to, we are in fact distributing modernized equipment to the roundout Guard and Reserve units with the same priority accorded the Active units, so they will receive it at essentially the same time and would be prepared to deploy as a roundout element of that division.

On the strategic lift side, you are quite right. We continue to suffer from a critical shortfall in both strategic sea and airlift.

Senator HUMPHREY. I will get into that later, but I was just citing that as one reason to be a little skeptical about our mobilization plans.

PERSONNEL TRAINING

Back to training of personnel, are we going to hold basic training at 8 weeks for the foreseeable future?

General MAHAFFEY. We are involved now in a study and analysis of the costs and benefits associated with potential expansion beyond the 8-week period and we expect to see some results of that study and analysis over the next 12 to 18 months. For the time being, we will continue to hold our basic training at the 8-week mark.

Senator HUMPHREY. No thought of reducing that?

General MAHAFFEY. Not to my knowledge.

Senator HUMPHREY. What is the situation in the area of training ammunition? I know I have seen that somewhere in someone's testimony, but can we run through that?

General MAHAFFEY. We have, for affordability reasons, decremented our training ammunition account, both in this fiscal year and in the budget year, to levels that we would prefer not to have to live with.

But I would hasten to add that, at the same time, we are rapidly getting ourselves into greater expanded use of simulations, subcaliber training devices, and other surrogate means for training our soldiers and crews which, to some degree, can be used in lieu of actual training ammunition and provide sizeable cost savings or cost avoidance.

Senator HUMPHREY. Well, as I understand it, I realize that some substitution can be made, but certainly not in the entire situation. As I understand it, we are 35-percent short of the minimum training ammunition to qualify tank crews at .50 caliber. We are short about 50 percent of the annual training requirement regarding 20 millimeter, which results in only one of two gunners on each system being qualified, and there is no .45 caliber training ammunition at all.

Who makes decisions of this kind?

General MAHAFFEY. They are really made as a product of a very extensive review and prioritization process at the Army staff level with input from our major field commanders and, ultimately, by the Chief of Staff and the Secretary.

Senator HUMPHREY. What do you suppose is the rationale? How do they come to the conclusion that it is a prudent risk? I notice that term here and there—a prudent risk to short-change our people on training ammunition. What is the logic there?

General MAHAFFEY. Well, Mr. Chairman, you said the key word. This business of applying budget decrements is a question of spreading the risk among the various functional areas within the Army. What you are seeing here is our best judgment of those areas where we can afford to take some hit in the training ammunition area.

As I said before, we would prefer not to have to live with any decrement at all.

Senator HUMPHREY. How does the shortage in tank ammunition, 105 millimeter, translate into training opportunities or lack of it for an individual crew member?

General MAHAFFEY. To the extent that our training ammunition requirements are valid for each member of a crew or a platoon each year, some tradeoff is associated with the reduction in training ammunition.

Now how far down that training ladder one can go without encountering a major degradation in the training readiness of that crew depends upon a lot of factors but, by and large, we believe that we will be able to live with the training ammunition levels in our fiscal year 1984 budget without a major adverse impact on our readiness.

Senator **Humphrey**. Well, you have 269,000 rounds, 105 millimeter ammunition. What does that translate into, rounds per crew, for training? Do you have anything on that?

General **Mahaffey**. Senator, I would like to submit an answer to that for the record.

[The information follows:]

Fiscal year 1984 105mm tank ammunition authorizations, which include more than the 269,000 you mentioned, will allow 136 rounds to be fired per crew for Active component and 36 rounds per crew for Reserve component.

Senator **Humphrey**. OK, I do not expect you to have every last figure at your fingertip. But do you have any ballpark idea how many rounds tank crews are firing in training per year? Anyone have an idea? If we could get some idea on it——

General **Mahaffey**. There are various levels of training which we refer to as categories A, B, C, and D. The number of rounds that we would have per crew with a 5-percent decrement at level A is 127 and then it goes progressively down from there—category B, 91 rounds; category C, 46 rounds; category D, 29 rounds.

Senator **Humphrey**. What are these various categories?

General **Mahaffey**. They simply describe a level of training supported by a given allocation, of main gun ammunition for each tank crew.

Senator **Humphrey**. Well, what I am looking for is a figure that the tank crew can expect to fire in 1984 in practice ammunition.

General **Mahaffey**. Again, I would like to submit that for the record. I simply have illustrative examples that are not the fiscal year 1984 quantities.

Senator **Humphrey**. The problem is, I never have time to read things that are submitted afterward, you see. I do not know why we even ask for it. Nobody reads it.

Senator **Humphrey**. My time is up for the moment.

Senator Levin?

Senator **Levin**. Well, will there be more or less of that ammunition per crew in 1984 than there was in 1983?

General **Mahaffey**. Somewhat less.

Senator **Levin**. So we are going in the wrong direction.

General **Mahaffey**. In the sense of pure allocation of main gun rounds, that is true. As I have indicated earlier, we plan, hope, and are developing the means to offset that to some extent through the expanded use of simulation devices, subcaliber ammunition, and so on.

Senator **Levin**. Until we have that on board to be substituted for the real thing, we are going in the wrong direction?

General **Mahaffey**. We do have them on board now.

Senator **Levin**. Until we have more on board and rely on it more and change our requirements, we are going in the wrong direction?

General **Mahaffey**. If one looks at the problem only in terms of the main gun ammunition question, the answer is "Yes."

Senator **Levin**. I am just looking at your requirements. That is all I am looking at.

General **Mahaffey**. But requirements to what end? The requirements for maintaining crew level proficiency can be seen as the compound product of not only firing main gun ammunition but also the use of the simulation devices that I referred to earlier.

Senator **Levin**. So you do not feel that the fact that we have reduced the amount of training ammunition per crew means we are moving in the wrong direction?

General **Mahaffey**. Well, as I said earlier, all other things being equal, I would certainly prefer not to have to live with that kind of a decrement in our training ammunition account.

Senator **Levin**. I am not sure why my question is so difficult to answer, that we are moving in the wrong direction. It sure looks like commonsense. I am not saying we are going to move in the wrong direction next year, but it will still be moving in the wrong direction. Does it or doesn't it bother you? You used words like "decrement."

Are we concerned that there is a shortfall there or not that is greater this year than last year? I thought we were supposed to be concerned about readiness on this committee, and you do not seem to be so concerned when you say you have simulation and we can live with it. Is it the wrong direction to be moving or is it not? I cannot get a straight answer to that.

General **Mahaffey**. It is a matter of concern to any responsible Army leader that we have insufficient resources to carry out all of the training we would like and that certainly applies to main gun tank ammunition.

On the other hand, as you know, the world that we live in is one of having always to find ways to do with less than full resources. I am simply trying to point out to the committee that we are working very hard to find ways to live with reduced levels of main gun ammunition because it is increasing in cost, and because we have the technological opportunity to find equally effective ways to train our crews.

I am trying to give you as comprehensive an answer as I can.

Senator **Levin**. But it is not a direct answer to the question as to whether or not in that particular aspect of our readiness we are moving in the wrong direction. You are not giving me a direct answer to that question.

General **Mahaffey**. I am not trying to be evasive, Senator. I am simply saying that readiness is a product of all the training carried out.

Senator **Levin**. I understand on that measure, that when we add it to other measures, we are moving in the wrong direction, aren't we? Is that a complicated question?

General **Mahaffey**. Taking it on its own, it is a move in a direction that I am less than comfortable with. I would like to have a full allocation of main gun ammunition if it were available.

ALARM STUDY

Senator **Levin**. Back to the Defense Week article, the study as quoted there, the ALARM study, finds that some of our combat support units were short of tools and spares, and we have gone over that. Is that an accurate statement?

General **Hesson**. Yes, sir.

Senator **Levin**. How many of the support units, approximately, are there? How many do we have roughly?

General **Hesson**. Sir, in various categories of light and heavy, there are about 73 units that we are concerned about.

Senator **Levin**. How many total support units do we have?

General **Hesson**. I will have to provide that.

Senator **Levin**. Are we talking about a few hundred?

General **Hesson**. No, sir, in terms of maintenance units only, we are talking about 73 units.

Senator **Levin**. I am talking about the ones you are not concerned with. Maybe I misunderstand.

General **Hesson**. I am giving you a ball-park figure Senator. We see about 73 units that are maintenance/related units, depending on whether they are deployed and in what time frame.

Senator **Levin**. Of those 73, how many do you estimate are short of the tools and spares, manuals and so forth?

General **Hesson**. To some extent all of them are, sir.

Senator **Levin**. How many of those are rated C–1?

General **Hesson**. I do not have an answer for you, Senator. I will have to provide it.

[Information follows:]

UNITS C–1

ALARM findings are based on conclusions drawn from visiting a limited number of the 73 maintenance units oriented toward support of Europe. Six of the 73 reported C–1, which includes rating personnel, training and materiel readiness, on their latest monthly unit status report.

Senator **Levin**. Will you, by the way, give us a copy of that ALARM study for the record?

General **Hesson**. Sir, I will see if the study has been approved. It is still in the process of being staffed within the Army Staff. If I may for the record, the ALARM report in and of itself is not a report that was designed to be a final product. It was a subset of a series of ongoing activities and so the report was prepared by one action officer on one aspect of the totality of the readiness, with the goal of forming a system of assessing readiness.

Senator **Levin**. Would you submit the report which was referred to in Defense Week for the record? If not, would you let us know why not?

General **Hesson**. Yes, sir.

[The information follows:]

ALARM STUDY

ALARM is contained in an internal office memorandum which is being furnished the Committee. It is the results of an evaluation initiated by ODCSLOG, based on information collected from a limited number of units. Consequently, it is incomplete and subjective.

Department of the Army
Office of the Deputy Chief of Staff for Logistics,
Washington, D.C., January 21, 1983.

Memorandum thru Director for Plans and Operations.
For Deputy Chief of Staff for Logistics.
Subject: Report of the Initial Investigation of A Logistical Assessment of the Readiness to Mobilize (ALARM)

1. BACKGROUND

a. The stated ALARM challenge is to determine if combat service support (CSS) units can effectively mobilize, deploy, initially provide, and ultimately sustain logistical support to a committed force. Due to the magnitude of the effort the initial investigation was limited to maintenance units as they represent the most complex in terms of technical tasks and of the quantities of equipment and materiel required to accomplish them. Because maintenance is a service support combat multiplier when viewed in terms of returning battle casualties to the fight, the scope of most inquiries was further narrowed to the support of combat power.

b. Repair of a battle damaged tank, fighting vehicle, artillery piece, etc., requires a troop trained in the task and on the (model) equipment, plus the proper tools and test sets, technical manuals, and the right repair parts. Even emergency battlefield repair by cannibalization requires trained personnel, tools, and repair parts such as new gaskets and/or seals.

c. The starting point for ALARM is the planned employment area. If a deploying CSS unit cannot do those things it is being employed to do, mobilization planning becomes a moot issue. In order to determine whether a certain maintenance unit would be capable of supporting any combat power item upon employment, detailed information regarding personnel qualification and on hand materiel (tools, test sets, manuals, etc.) is necessary; none of which is available in current Army readiness reporting. Information as to the availability of repair parts and the probability of their arriving in the employment area with the unit is also required. And, to decide which unit should be prepared to support what equipment, planned wartime missions are needed. Therefore, the initial ALARM investigation was conducted in three areas: Readiness reporting, Class IX support, and wartime mission planning.

2. REPORT OF INVESTIGATION

a. *Readiness reporting.* Focus was to determine a method to measure the actual capabilities of multimissioned CSS units and to gain visibility of the requirement for mission essential equipment authorized by technical manual, CTA, or supply catalog, as well as that authorized by MTOE.

b. Readiness reporting was tasked to LEA to determine by TOE which CSS units require items/equipment authorized by non-TOE documents, and how the requirement for these items can be made visible. (Project Proposal Tab A, Impact Analysis A/1, Tasking A/2). LEA final Report will be added to this document when available.

c. Current readiness reporting is such that maintenance units can report a high state of readiness by AR 220-1 criteria and actually have no capability to support specific areas of combat power equipment (tanks) or particular models (Ml). Based on a small sample of visited maintenance units and information collected from knowledgeable sources, the preponderance of evidence suggests that the only units which possess the special tools (authorized by technical manual) required to repair specific combat power items are those units which are today providing real-world support. Further, the maintenance unit hard skill MOS's such as 41C Fire Control Instrument Repair, 45K Tank Turret Repair, and 45L Artillery Repair, of units not supporting tanks and artillery are not sustaining their MOS skills. Most maintenance unit sustainment training done in the RC is accomplished on wheeled vehicle and engineer equipment. System of providing two week annual training missions for RC maintenance units usually results in wheeled vehicle work. Very little tank turret and/or artillery experience is gained and almost no fire control instrument training takes place. Even when RC maintenance units participate in overseas deployment training, the majority do little more than work on wheeled vehicles. Hard skill MOS's are cross-trained on wheeled vehicle tasks. Cross-training has become a universally accepted excuse for the absence of opportunities to train on tank and artillery tasks.

d. Therefore, reasoned deduction logically leads to the inference that although a maintenance unit reports a high degree of readiness, unless the unit is currently supporting combat power equipment it will not have the tools, test items, manuals, repair parts, or personnel currently skilled in combat power equipment repair tasks to actually accomplish a wartime support mission. The number of maintenance units providing peacetime support to combat power equipment is a small percentage of the total of maintenance units.

e. *Class IX support.* Task was to determine extent of repair parts required to initially provision deploying DS/GS maintenance units and repair parts supply companies, and to gain visibility of the quantities and of the costs of stocks required to offset consumption once the unit is actively engaged in its support mission. The current Army policy for the establishment of DSU ASLs is defined within AR 710-2 and is dependent upon knowing the types and densities of equipment to be supported. Consequently Reserve Component CSS do not have an active or go to war ASL.

f. Identification of the quantity and cost of initially provisioning deploying RC CSS units and determining the delta between the actual on hand stocks in the depot and the wartime requirement is a major ALARM objective. With this in mind LEA was tasked with the responsibility to explore and identify the volume of the repair parts required to provision and sustain the CSS structure during the period of D-Day to D+60. This task included identification of stocks required for the initial ASLs for deployers and asked that any prepositioning and procurement for outyears be given visibility. (Project Proposal Tab B, Impact Analysis B/1, LEA Final Report B/2).

g. The LEA research methodology was based on and incorporated the 1982 OMNIBUS force figure which identifies 86 DSU's to be deployed to NATO (21 Active and 65 Reserve Component). To further define the requirements ASLs were identified using a deployment time frame and logistical region of deployment matrix. These were:

(1) Time Frame:
(a) Forward deployed (Time Period 1)
(b) Deployed by D-Day (Time Period 2)
(c) Deployed at DT 30 (Time Period 3)
(d) Deployed at DT 60 (Time Period 4)
(e) Deployed at DT 90 (Time Period 5)
(f) End of Scenario (Time Period 6)
(2) Logical Regions of Employment:
(a) Logical Region 1, divisional and non-divisional equipment employed in this region was rolled into Region 2. No non-divisional maintenance units are employed in Region 1.
(b) Logical Region 2, Corps (Plus above).
(c) Logical Region 3, Rear Combat Zone.
(d) Logical Region 4, COMMZ.
(e) Logical Region 5, Ports (Equipment requirements not known, no DSU's scheduled for deployment into ports).

h. Representative ASL costs for the 86 DSUs obtained using four end items.
(1) The 2½ Ton Truck Family (Assets Rolled Up).
(2) The AN-VRC 46 Radio Family (Assets Rolled Up).
(3) The M60/M1 Tank Family (Assets Rolled Up).
(4) The M109 155MM SP Howitzer.

The total cost (ASLs for four end items) using the above methodology was determined to be $36,551,793.29. The cost for the 65 Reserve Component DSU's was determined to be $26,687,292.95. Both of these costs are for initial stockage only and identify what it would cost (fiscal year 1983 item costs) to fill a deploying DSU when it enters the theater. Replenishment of stocks (based upon demand support figures) to offset consumption would be additional. When evaluating the above requirements it must be kept in mind that the costs to support ASLs for these four end items provide insight as to the magnitude of the potential totals, but do not represent total costs to completely stock the 86 direct support unit ASLs. The LEA study provides a good foundation for acquisition requirements for actual ASLs and the quantities of Class IX required for initial fill.

i. *Wartime mission planning.* Idea was to determine if CAPSTONE can plan support relationships over time so that equipping (tools and test sets) and provisioning (repair parts to establish an ASL) decisions can be made. If not, then recommend changes which could be made to current programs, doctrine and/or force structure to ensure that critical combat systems and other items essential to the fight, receive immediate and responsive wartime support.

j. Wartime mission planning was examined by DALO-PLM. First task was to assess the probability of the Army CAPSTONE Program maturing to a point where wartime command relationship planning would contain enough detail to enable determination of a support mission for each nondivisional DS maintenance unit. Because maintenance and repair parts support is provided on an area basis, knowing which customer units will be located in each geographic support area is essential when attempting to count the types and densities of equipment upon which repair parts stockage computations are to be based.

k. CAPSTONE is an excellent tool for planning wartime command structures and establishing training associations. CAPSTONE cannot, however, determine the geographic location of each unit throughout the period of hostilities. Because tactical maneuver to respond to a threat will change unit geographic locations, any unit location planning to determine maintenance support missions after D+15 would be purely notional. Probably the most certain aspect of CAPSTONE is that it will continue to change over time as OPLAN time phased force deployment data changes due to new doctrine, shifts in forward deployed units, and battle plan adjustments; all of which heap additional detractors on the task of support mission planning. This can best be demonstrated by quoting from a 9 September 1980 letter from the Acting DCSLOG, FORSCOM, to the CMDR, LOGCEN wherein he says, "The starting point (for the development of an ASL for the nondivisional DSU), of course is the assignment of definitive wartime missions to the units. CAPSTONE has given us the vehicle for doing that. As a result of our most recent liaison visit to USAREUR, they are in the process of integrating our CONUS CAPSTONE structure with the forward deployed organizations. The result will make equipment density estimates possible. Based on the estimated equipment densities, we will develop unit ASL's with the assistance of Support List Allowance Cards (SLAC) data bases.". . . "At best this is a time-consuming and costly project, but I feel that we are off to a good start."

1. Since September of 1980 there have been at least three major changes to the CAPSTONE program: addition of RDFA and Korea, mid-1982; merging the Silver Bullet (USAREUR) trace with the FORSCOM trace, late 1982; and changes required to align CAPSTONE with the time phased force deployment list of OPLAN 4102-83, due spring 1983. These and other reasons have thwarted any progress which might have been made in the DSU ASL development project. Further, had ASL's been computed based solely on the support unit mission alignments of OPLAN 4102, these would not have been compatable with the repair parts requirements of the later developed CAPSTONE trace for RDFA or for Korea.

m. Thus the ALARM investigation has shown that the CAPSTONE planners have not, to date, been able to plan service support to supported customer unit relationships in any depth over time. Due to constant changes in the CAPSTONE program and the uncertainty of support mission alignments after D+15, it is doubtful that planned specific support unit missions which can stand the test of time will ever occur. Also, if support mission planning is extremely detailed for one OPLAN, support units which are CAPSTONE aligned to multiple OPLANs will have difficulty training and maintaining readiness to respond to each mission.

n. Second task was (upon determination that CAPSTONE cannot develop maintenance unit support mission relationships over time) to recommend changes in the way maintenance missions are planned in order to ensure, as a minimum, that the combat power items of equipment critical to a fight receive immediate and total support. If the King and Queen of battle cannot respond to the call, it will make little difference how well the rest were supported.

o. Because it is not possible to define specific missions to determine the actual types and densities of equipment each nondivisional DS maintenance unit is to support in wartime, and because it is not affordable to give every maintenance unit all that is required to support everything, a new approach is needed. If it is not possible to predict which maintenance unit is to support what equipment in each OPLAN, then certain specific maintenance units ought to be designated to support particular combat power items specifically, and most other equipment items generally and be employed in each OPLAN accordingly. In other words, if it is not possible to determine specific missions for maintenance units, designate some maintenance units to do specific types of missions as regards the support of combat power equipment; focus the mission of selected nondivisional DS maintenance units on a combat power area such as tanks, artillery, air defense systems, etc. Idea is that focused units would continue to train and prepare for a general maintenance mission (trucks, jeeps, generators, small arms) as is now being done but the personnel of the unit involved with the repair of the focused combat power equipment would be singled out for intensive training. Mission focusing is also a way of ensuring that some maintenance units will have the tools, test sets, manuals, and training to enable immediate support of combat power upon mobilization and deployment.

p. To ensure repair parts support, a core ASL procedure could be used wherein all nondivisional DS maintenance units receive a (core) ASL to support an average number of general equipment items found in most Army units, and a combat power specific add on ASL to correspond with their focused mission. These two ALARM generated concepts are discussed at Tab C "Maintenance Unit Mission Focusing" Concept Paper, C/1 Information Paper, and Tab D "Core ASL" Concept Paper, D/1 Information Paper, and represent the ALARM recommended changes which could be made to current programs to ensure wartime support of combat power equipment in the near term.

q. A more permanent alignment of maintenance units to types of missions (long term fix) will require a reexamination of doctrine and changes in force structure. Since the end of WWII when there were DS maintenance units with specialized missions such as the Ordnance Medium Maintenance Company, Tank; Ordnance Medium Maintenance Company, Artillery; Ordnance Medium Maintenance Company, Air Defense Artillery, etc; doctrine evolution has been toward one single nondivisional DS maintenance unit TOE responsible for the repair of all ground equipment, and toward DS/GS repairer MOS's with responsibility for a much broader range of equipment and of repair tasks. Strange that in a time when bigger computers are justified on their ability to manage more information better and faster, the Army is being driven to fewer MOS's in the personnel structure and fewer TOE's in the force structure. This generalization of tasks and duties is being done with consolidation rationale and will ultimately end with one unit populated by one MOS which will be responsible for the repair of all things. Perfection, although always desirable, is seldom attainable.

r. While having fewer types of units to contend with makes the job easier for operations planners, and fewer MOS's make personnel management simpler, the task of actually supporting specific combat power equipment in wartime becomes infinitely more difficult with each move toward generalization. The dichotomy, then, is whether it is better (affordable) to give all maintenance units the tools, test equipment, manuals, repair parts, and training to support everything or to have certain maintenance units structured, trained, and equipped to support specific things.

3. CONCLUSION

a. The ALARM investigation to decide if CSS units can initially provide and ultimately sustain logistical support to a committed force has determined that deficiencies do exist:

(1) Special tools and test items required to support specific equipment are authorized by technical manual and are only on hand in maintenance units currently engaged in the active support of that specific equipment.

(2) Maintenance units which do not support combat power equipment are not sustaining the MOS proficiency to do so.

(3) RC maintenance units are given few opportunities to train hard skill fire control instrument repairers, tank turret repairers, artillery repairers, etc., and are forced to cross train on the more available wheeled vehicle tasks.

(4) Parts and repair manuals for combat power equipment are not being maintained in most maintenance units and certainly not in the numbers which would be required to put maintenance contact teams in the field.

(5) Repair parts will most likely not be readily available to those maintenance units (forward deployed or deploying) not currently stocking parts which relate to the wartime combat power support mission.

b. It is, therefore, reasonable to conclude that the repair and repair parts support initially provided to a committed force must be done with what is in place, with little or no backup. Beyond that continued support will hinge on how rapidly and how well the existing tools, test sets, manuals, repair parts, and trained troops can be cross leveled throughout the deploying force.

c. Sustainability will depend on the speed with which additional materiel (tools, test sets, manuals, repair parts) and personnel with the requisite skills can be provided. Mission focusing and Core ASL could be the cornerstone of future sustainment success.

4. CONTINUATION

a. The ALARM investigation of readiness reporting has pointed up a need for indepth information of the actual capabilities and shortfalls of the Army maintenance structure. For example, there is no available information concerning the total requirement for special tools and test equipment or of the on hand assets of these items. Information pertaining to the capability and/or capacity of particular maintenance units to support new or deployed equipment items is not available. The project proposal at Tab E has been developed as a continuation of the ALARM investigation of readiness reporting and is intended to create a source of data upon which to base training, equipping, and mission loading decisions and to be used to measure improvements.

b. The project proposal at Tab F is a continuation of the Class IX effort, and requests that LEA develop the computer work necessary to implement Core ASL.

5. ALARM II

a. The following are issues which will be tasked to appropriate agencies for investigation/resolution upon approval of this report.

(1) Special tools and test equipment (authorized by technical manual) are ordered in the quantity of each. These items are not packaged into sets required to provide DS support to the equipment item. Nor are there any listings which recommend the amount of each special tool or test item which could be required if one or more repair contact teams were to be fielded while continuing to operate a unit base shop. Task would be to determine how packages/tables could be developed to suggest special tool and test item quantities for maintenance units (base) and 1, 2, 3, etc., repair teams. Information would be used to generate cost and requirement data for the mobilized/depolyed force. Sub-task would be to evaluate the practice of authorization by technical manual.

(2) Because the merger points within career management field 63 have been lowered, the DS/GS maintenance E6 is now responsible for up to three times the technical knowledge previously required. Task would be to determine the impact this change is having upon the ability of the RC E6 to acquire this additional qualification in his limited training time. Also, task would be to assess whether the current system is capable of producing technically qualified E6 personnel in the numbers required under continued wartime conditions.

(3) Under current mobilization guidance there is no system for the predeployment determination of a mobilized maintenance units mission and the assessment (trained personnel, tools, test equipment, and manuals) of the units actual capability in order that improvements/adjustments could be made after mobilization and before deployment. Task would be to determine a procedure within the mobilization process for the evaluation and adjustment of deploying maintenance units to improve mission capability.

(4) CAPSTONE exercises for major RC logistical headquarters are developed by Maneuver Area Commands (MAC) using a Leavenworth exercise scenario that is about ten years old. This scenario is updated using field manuals and other more current material whenever it is available. However, it is logistics policy which drives doctrine and causes changes. The time lag between change and fielded materiel which describe the change is years. Task would be to determine how the most recent policies/practices could be included in MAC RC exercises. Task would also explore the extent to which ODCSLOG should enter into preparation of exercise scenarios in order to ensure that envisioned wartime support systems do work.

b. The primary mission of GS maintenance under EAC doctrine is the repair of major sub-components of end items. Accordingly, GS maintenance could be mission focus equipped and trained to repair specific combat power components. During the ALARM II cycle DALO-PLM will explore the feasibility of developing a GS mission focus and Core GS shop stock.

7. RECOMMENDATIONS

a. To ensure a procedure for the peacetime alignment of nondivisional DS maintenance units to CAPSTONE wartime missions and to stipulate a method for the computation of go to war ASL's so that policy as well as stocks can be developed, it is recommend that the concepts "Maintenance Unit Mission Focusing" and "Core ASL", at Tabs C and D be approved and that the word "concept" be changed to "program."

b. Recommend the continuation of the current ALARM investigation and that the project proposals at Tabs E and F be approved.

c. Further recommend that the ALARM II issues be approved for tasking.

JACK L. WINKLER,
Colonel, GS, Senior ARNG Advisor.

Senator **LEVIN**. General Mahaffey, is the 1984 budget, as submitted, doing a better or worse job of meeting readiness requirements than the 1983 budget, as submitted?

General **MAHAFFEY**. I think that it will continue to enable the Army to improve its equipment posture. It will continue to allow us to make marginal gains in our prepositioned war reserves. It will allow us to continue the momentum of our modernization program. Nor do I have any reason to think that we will not be able to continue our personnel recruiting and reenlistment programs.

Taken as a whole the fiscal year 1984 budget, while it does not satisfy all of our needs, does continue to allow us to advance the readiness of the force.

Senator LEVIN. So, as submitted, it does a better job of meeting readinesss requirements than the 1983 budget, in your opinion?

General MAHAFFEY. That is a very tough question, Senator.

Senator LEVIN. I do my best. [Laughter.]

Senator LEVIN. While you are thinking of the answer to that one, let me ask you some others and we will come back to that.

COMPARISON OF UNITED STATES/SOVIET READINESS

Could you give us some comparisons of our readiness and the Soviet readiness in a couple of measures, if you have them, in open session, just without going into numbers—if you can give us a more or less? Do the Soviet helicopter pilots fly as many hours as our helicopter pilots, do you know?

General MAHAFFEY. I do not know.

Senator LEVIN. If you could submit that for the record.

General MAHAFFEY. All right.

[The information follows:]

UNITED STATES/SOVIET READINESS

The average flying hours per year for Soviet helicopter pilots is [deleted]. The average for a U.S. Army helicopter pilot will be approximately 86 hours in fiscal year 1983 and 80 hours in fiscal year 1984. As stated previously the Army considers the figure of 101 to 108 hours per aviator per year to be the optimum that will provide the desired level of individual and combined arms proficiency.

Senator LEVIN. In general, is the Soviet army equipment field-maintained in a condition which is better than or equal to or worse than our equipment in the field? We are talking about maintenance of equipment.

General MAHAFFEY. From all the evidence that we have seen, it is maintained in very good condition.

Senator LEVIN. Did you say better, the same, or worse than us?

General MAHAFFEY. I will have to give you an answer for the record on that, Senator.

[The information follows:]

UNITED STATES VS. SOVIET READINESS

[Deleted].

Senator LEVIN. Do the Soviet army units carry out more or fewer field or training exercises during the year than the U.S. Army?

General MAHAFFEY. Again, I cannot give you a precise answer. For one thing, the cycle of training by the Soviet forces is somewhat different than ours. There is a seasonal turnover of replacement soldiers in the Soviet forces in Europe. That causes them to execute a somewhat different cycle of training from what we do, progressing twice yearly from the individual level up to the unit level.

On the other hand, I think that the general level of intensity of training is roughly comparable between our forces in Europe and the Soviets. That is my personal observation as a division commander in Europe.

Senator **Levin**. To get back to that other question——

General **Mahaffey**. I will have to answer it this way, Senator. It seems to me that, to the extent that we have been able to improve our equipment posture in the Army, to the extent that we have, as we indicated, been able to continue to improve our personnel inventory through the enlistment and the retention of higher quality soldiers than was true in 1983, to the extent that we are predicting improvements in the stock of our ammunition, our repair parts, and our major end items, I would have to say that the Army does better by the fiscal year 1984 budget than it did in the fiscal year 1983 budget.

I cannot make a direct comparison in terms of whether one is better than the other. They, in fact, provide the Army with a much-needed cumulative improvement in its equipment modernization and personnel inventories.

Senator **Levin**. And to the extent that our depot maintenance backlog is up, our maintenance support backlog is up, or training ammunition is down, or the flying hours for operational units might be down—we have not gotten into that yet—to those kind of extents we would be worse off?

General **Mahaffey**. That is correct, and I am concerned about that.

Senator **Levin**. So you cannot say whether the 1984 budget, as submitted, does a better or worse job of meeting readiness requirements than the 1983 budget—in some areas better, in some areas worse?

General **Mahaffey**. Yes.

Senator **Levin**. I see the hand of fate. Thank you.

Senator **Humphrey**. Back to the training ammunition, I assume that the Army did not get all of the training ammunition or funds for training ammunition requested. Is that a fair assumption?

General **Mahaffey**. That is correct.

Senator **Humphrey**. So is it OSD that is holding down Army ammunition, or is it the Army itself?

General **Mahaffey**. In a sense, it is really the product of three things. First, the limited obligational authority that we have to work with and how we in the Army leadership choose to spread that among our many competing requirements.

Second, the budget that we submit to OSD quite obviously does undergo detailed scrutiny and markup by the OSD staff. But, finally, it does reflect, as I have tried to indicate to Senator Levin, some professional judgments on our part as the mix of ammunition and training with simulators that we can live with.

So it is a product of all of those processes, Mr. Chairman.

Senator **Humphrey**. I understand the complexity of it, but was the final decision made at OSD or the Department of the Army on training ammunition?

General **Mahaffey**. In the sense that the budget markup and finalization occur at the OSD level, it was made at OSD.

Senator HUMPHREY. So the reductions in Army requests are the result of OSD reductions. Is that a fair statement?

General MAHAFFEY. In the case of .45 caliber, my Director of Training tells me it was the Congress who was responsible.

Senator HUMPHREY. Good. Are we going to be any closer in 1984 in cycling these battalions, each battalion, through the National Training Center? What is the trend in that regard?

General MAHAFFEY. Yes. We have a progressive increase in the number of battalions, which will be cycled through the National Training Center. Ultimately, by 1985, ramping up from the current levels of about 16 in fiscal year 1982, we come up to 18 this year, 24 in 1984, and eventually up to a sustaining level of 28 battalions, some of which will be Reserve component battalions.

Senator HUMPHREY. What drives the 28 limitation? Is that full use of the facility?

General MAHAFFEY. Yes, Mr. Chairman. It is a matter of the capacity of the training center itself to accommodate any greater load, the availability of equipment there and, of course, other matters like funding, costs, and so on.

We had originally planned on a sustaining level of about 40 battalions per year, but for a variety of reasons we have now settled in on 28 as a supportable sustaining figure.

Senator HUMPHREY. Let's move on to sustaining, the matter of war reserve stockpiles. I want to go into that in some detail in a classified session later with some of your colleagues, but to the extent we can in open session, let's discuss it.

What is the situation regarding, for instance, major items, war reserve? What I am getting at here is the trend—how we fared in 1983, what it is going to be like in 1984.

General MAHAFFEY. We will continue to show an upward trend reflecting year-to-year marginal improvements in the stockage levels of major end items, ammunition and repair parts.

Senator HUMPHREY. What about subsistence? I assume that is food. Is that correct?

General MAHAFFEY. Subsistence is generally consistent with that upward trend.

Senator HUMPHREY. Clothing, secondary items?

General HESSON. Yes, sir. All three categories of ammunition, secondary items, and major items are all on an upward trend.

Senator HUMPHREY. Can you quantify that at all in open session—quantify any of these categories?

General HESSON. No, sir. It should be in closed session.

Senator HUMPHREY. What about our capability of distributing ammunition and fuel and other items of materiel? We have a bottleneck in the area of distribution, have we not?

General MAHAFFEY. We have with respect to class V. We do have a shortfall, especially in Europe, in our ammunition handling, transportation, storage, and maintenance capability

Senator HUMPHREY. Any improvement resulting in the 1984 budget?

General MAHAFFEY. Some improvement, yes.

Senator HUMPHREY. In what wise?

General MAHAFFEY. Authorized levels of equipment and manpower in the ammunition-handling units in Europe will be increased.

General HESSON. If I could, sir, there are three areas. One is trucks to move the ammunition, second, the materiel handling equipment [MHE] that handles the ammunition is up and, third, we have the pipeline to support the RDF in the budget.

Senator, in addition within the Army there are ongoing initiatives to make us more efficient with the force structure that we have. We will be talking about this in the forthcoming year.

Senator HUMPHREY. What is the situation now on the host nation support effort?

General MAHAFFEY. We have signed agreements for the equivalent of about 93,000 German reservists who would provide us with wartime host nation support.

Senator HUMPHREY. What is the next step?

General MAHAFFEY. To make them fully effective, we need to provide some minimal amount of material handling equipment.

Senator HUMPHREY. Are you funding that in 1984?

General HESSON. Sir, we have asked for it as a supplemental in fiscal year 1983, and we have it in the fiscal year 1984 budget. Also OSD is fully supporting that initiative for the funds.

Senator HUMPHREY. What will be the effect on our allied partners in the host nation support if we do not get funding this year in the supplemental?

General MAHAFFEY. It is hard to tell. As I said, we have signed agreements, but those agreements are contingent upon the provision of material that General Hesson and I have described. Whether the agreements would remain binding if we fail to deliver that minimal amount of equipment is anybody's guess.

I think that it would be a great opportunity lost if we fail to get that.

Senator HUMPHREY. I am sorry. Would you repeat that last statement? I interrupted you.

General MAHAFFEY. I think it would be a great opportunity lost if we failed to fund the minimum amount of equipment and supplies we are asking for.

Senator HUMPHREY. Well, how high a priority is this program in the scheme of readiness?

General MAHAFFEY. I cannot give you a quantitative answer, but let me say that it is one of the few viable alternatives that I know of to offset the absolute void of combat service support units on the ground in Europe today. We have no other fully satisfactory answer.

Senator HUMPHREY. It is all very highly leveraged from our point of view of costs.

General MAHAFFEY. Absolutely. We estimate that a ratio of something on the order of $1 spent there would equate to about $10 one might spend for an Active Army unit to perform the same functions, and even greater for Reserve components. So it is, in fact, a great return on investment for us.

General HESSON. Mr. Chairman, earlier you touched on two subjects—force structure and strategic mobility. The key to host nation support is that they are on the ground. We do not have to waste airlift support going in.

Second, we cannot get the combat service support forces there in adequate time to handle that early distribution job. We have the opportunity to capitalize, with no more increase in force structure. We really think within the combat service support community, that this will be a truly distinct advantage for the U.S. Army in the early stages of war.

Senator **HUMPHREY**. How confident can we be that in a crunch these troops will be there, that they will not be conscripted by these nations for more pressing missions?

General **MAHAFFEY**. I think the fact that the agreements are entered into by one of our principal allies within the NATO alliance, you could hardly ask for any better guarantee. It is, after all, their country that is the battleground that we will have to defend, and the fact that the agreements are signed at the heads-of-state level I would think would be all the reassurance that we would need.

My concern is that if we fail to make good on our part of this bargain, it could serve to color in a negative way so many more aspects of our role in the Alliance.

I would like to correct one answer that I gave you. The proportional costs that we have worked up in an estimative way say that this host nation support will cost about one-tenth that of providing similar capability with U.S. Reserve units, notwithstanding the strategic deployment problem, and less than one-fortieth of the cost of replacing the Active units.

Senator **HUMPHREY**. GAO issued a report in 1982 on the deterioration to ammunition from open storage. What is the extent of this problem and what are we doing about it?

General **HESSON**. Sir, the report on deterioration of ammunition addressed the issue of open storage. Whatever we had in open storage was only temporary and the program has been brought under control. The backlog is being reduced. The Army has eliminated about 110,000 short tons of the backlog that was identified by GAO, and we believe the program we have outlined will bring our backlog down to about 33,000 short tons by 1988 at a very steady rate.

Senator **HUMPHREY**. You say any exposure or open storage is temporary. How does that result in the first place?

General **HESSON**. Ammunition moving in and out, sir. As serviceable ammunition is moving in, new ammunition and old ammunition is coming out or it is moving from bunker to bunker. They found some ammunition in their investigation that was out in the open and we just did not have the storage space for it, so it was in transit. We are managing that much more tightly now.

Senator **HUMPHREY**. Can this ammunition be reconditioned or is it beyond repair?

General **HESSON**. No, sir. The ammunition is reconditioned. We have done reconditioning both in Conus and we have reconditioned and saved money by shipping it through Japan for ultimate storage in Korea.

Senator **HUMPHREY**. Inside, I hope.

General **HESSON**. Yes, sir.

TREND IN SUSTAINABILITY

Senator **Humphrey**. Well, as a general statement, General Mahaffey, what is the trend in sustainability, 1982, 1983, 1984?

General **Mahaffey**. The trends are up, Mr. Chairman. Sustainability represented by the increased stockages of war reserves by major end item, and the spinoff benefits to sustainability one gets from modernization—all of those trends—are up over the past 3 years.

Senator **Humphrey**. And how would——

General **Mahaffey**. I might qualify that. The upward trend certainly is more dramatic in the Active than in the Reserve components. We want very badly to fix that problem in the Reserve components as fast as resources will allow.

Senator **Humphrey**. Overall, is this improvement marginal or how would you characterize it?

General **Mahaffey**. I would say it is significant, especially in light of the modernization that has been ongoing. I think it is significant that we have been able to begin to pre-position reserve items to support our modernization program and at the same time continue the somewhat gradual buildup of our more conventional stockages. I think it is enough.

Senator **Humphrey**. Well, we have already touched upon the growing backlog in depot maintenance, but let me just say on that score that while I am heartened with my colleagues at the improvement in our Armed Forces and the Army it is worrisome that after we have just climbed out of the pit that we dug for ourselves in the 1970's, which resulted in a hollow Army, that we seem to be sliding back toward that pit once again in terms of spare parts, backlog in maintenance, ammunition, and so on—at least training ammunition.

Do you share that concern that we are sliding back toward that pit from which we have just climbed out, or perhaps we are not fully out of it.

General **Mahaffey**. I am concerned and I think that to the extent available resources would permit, we would not want to go that way as a matter of policy. I think, though, that taken in the context of the overall trend of improvements, it does not presage a major downturn. It does not, in fact, indicate nor, I believe, warrant the conclusion that we are returning to a hollow Army.

We continue to improve our equipment inventories and equipment posture throughout the total force. Nevertheless, these are areas for concern and they do impact on readiness.

Senator **Humphrey**. Well, you say that negative signs do not presage a return to mistakes of the 1970's. I hope you are right, but I am worried, nevertheless. In 1982 the depot maintenance program was financed at 100 percent of requirement, and in 1983 we opened up, it looks like, a $23 million backlog, and in 1984 that grew 10 times worse, to almost $203 million.

And if this is not to presage something more serious, when can we expect to see those slopes begin to come down? Do we have a projection for 1985 in depot maintenance, for instance?

General **Mahaffey**. Mr. Chairman, I did indicate that in the briefing. It does show 1985, as a matter of fact, as being the break point where we expect the upward slope in the cumulative backlog to take a downturn.

The answer to your question really depends upon which aspect we are talking about, but there are identified breakpoints.

Senator HUMPHREY. OK. What is the projected backlog in depot maintenance in 1985?

General HESSON. Sir, the budget is still in the process of being put together. We do not have a final mark on it, but in the guidance we have had, it was to level out and begin coming back down, that is the goal that we are reaching for.

Senator HUMPHREY. Guidance from Army or OSD?

General HESSON. OSD, sir.

Senator HUMPHREY. Good. How about training ammunition in 1985? What is the preliminary reading—worse or better?

General MAHAFFEY. Generally good, but I have to say that we have not yet put our program together, as you know, and we are still massaging that.

Senator HUMPHREY. Does the guidance call for some improvement or static or——

General MAHAFFEY. In training ammunition?

Senator HUMPHREY. Yes.

General MAHAFFEY. Do you have any explicit guidance from OSD on our training ammunition levels?

General KIRK. No, sir, not from OSD.

General MAHAFFEY. At this time, this is largely an internal Army issue.

Senator HUMPHREY. All right. Moving on to page 17 of your testimony, another chart that is worrisome is that of maintenance support activities and funding. From 1983 to 1984 that is rising. It rises in a number of items, but they all bear on readiness, I think. What are we going to see in 1985? Do you have a reading on that?

General HESSON. Sir, that falls in the same general guidance of leveling it off because that is the support side of the maintenance account and that must taper off and come back down because the backlog cannot continue to grow. That is a backlog of manuals and technical data. But the guidance is to level it off and bring it back down to zero.

Senator HUMPHREY. That is OSD guidance?

General HESSON. Yes, sir.

FULL-TIME MANNING PROGRAM

Senator HUMPHREY. OK. Mobilizing. The trend on the full-time manning program, how are we doing in 1984?

General MAHAFFEY. In 1984, we show a continuing ramp-up in the number of personnel authorized and assigned to full-time unit support positions, both in the Guard and the USAR.

Senator HUMPHREY. Is the Army getting its request from OSD in this regard?

General MAHAFFEY. I believe we are fully funded for our recruiting effort out through 1984.

Senator HUMPHREY. Can you tell us what the status is of legislation enabling the President to begin industrial base production under his own authority and to call up 100,000 men? Has that been submitted, does anyone know?

General **Mahaffey**. I think that legislation is still in the draft stage. But to be responsive to your question, the concept does not involve linkage of the two—that is, the callup and the surge in industrial base. We are really talking about potentially enabling him to exercise acquisition authorities with moneys that have already been appropriated for the purpose of supporting an emergency condition surge in facilities such as ammunition production, and so on, where the circumstances warrant and in consultation with the Congress.

I hasten to emphasize that that is all in the draft legislative stage at this time and is not linked with the 100,000 callup, per se.

Senator **Humphrey**. All right. Deploying. Are we better off, the same, or worse off in the area of air and sealift as a result of the 1984 budget? Is there going to be any improvement?

General **Mahaffey**. We are seeing improvements in several forms. First, we have, as you know, the Air Force acquisition program that in time will yield an additional 50 C-5B's for the intertheater airlift role, complemented by some 40-plus KC-10's. That is complemented by a number of fast SL-7 cargo- and troop-carrying sealift vessels, four of which are now under conversion. We would hope over the next 4 or 5 years an additional four, at least, will be forthcoming to support the deployment of major Army units.

In addition to that, working jointly with the Navy and our own Military Traffic Management Command, we have identified, in gross tonnage terms, requirements for additional bottoms to help haul equipment and supplies in the event of wartime.

FACILITIES

Senator **Humphrey**. All right. I will want to go into this subject in greater detail during classified session.

Moving into facilities, the Army military construction backlog is declining slightly in 1984. Is that correct? I am looking at the chart on page 20.

General **Mahaffey**. The chart shows a gradual downward trend, beginning in fiscal year 1985.

Senator **Humphrey**. I believe there was some military construction in the so-called jobs bill. Is that going to have any effect on your 1984 plans—family housing, I guess it is.

General **Mahaffey**. I will have to submit an answer for the record on that. General Peixotto may be able to speak on it in his testimony.

Senator **Humphrey**. All right.

[The information follows:]

There are no military construction funds in the Jobs Bill except for maintenance funds for family housing. The bill did approve $74M for Army Family Housing maintenance and repair in the United States which must be obligated by the end of fiscal year 1983. There will be no impact on the essential fiscal year 1984 requirements currently before the Congress. The projects funded by the Jobs Bill were accelerated from outyear programs and will permit an urgent required reduction in the large deferred maintenance and repair backlog associated with Army Family Housing.

The backlog of deferred maintenance and repair in family housing is declining in 1984. Is that correct?

General MAHAFFEY. That is correct for fiscal year 1985.

Senator HUMPHREY. And the backlog of maintenance and repair in general is declining in 1984 for the, let us see, fourth year in a row. On page 21 is that chart.

General Mahaffey, can you in any way give us some idea of what the effect will be on the readiness of the Army if the Congress abides by the $15 billion reduction in budget authority—$5 billion in budget outlays—as recommended by the Budget Committee?

General MAHAFFEY. In general we can categorize it, assuming that the Army is allocated some kind of proportional share, it would have a significantly adverse effect not only on our readiness but on our modernization program, and perhaps on force structure. How severe would depend upon what proportion of the total decrement we were allocated and how we then answered the question of where to take the additional risk associated with that reduced funding.

Senator HUMPHREY. Was there any preliminary thought on where to take that reduction? Is it going to be in modernization or O&M or where? Can you give us any indication?

General MAHAFFEY. There is only one way to handle a reduction like that, and that is in a balanced, across-the-board manner. As I indicated in my testimony, the readiness of our force is a product of the structure, equipment, and modernization and the sustaining of the stockage levels. So as we examine how to apply substantial reductions in funding, it always has to be in an across-the-board manner.

Senator HUMPHREY. I hope that is so and it does not bear disproportionately on O&M.

Thank you, General Mahaffey, General Schwarzkoph, General Hesson. Thank you very much for your time and for your testimony and again congratulations on the many significant improvements that are taking place. At the same time I caution the defense community, as one who is supportive of the defense community, that we must be very careful that we do not slide back into that pit from which we have just climbed out.

Thank you all.

General MAHAFFEY. Thank you for your courtesy, sir.

Senator HUMPHREY. Shall we begin?

STATEMENT OF LT. GEN. ERNEST D. PEIXOTTO, COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY, ACCOMPANIED BY BRIG. GEN. JERRY JENNINGS, DIRECTOR OF THE OPERATION AND MAINTENANCE APPROPRIATIONS; BRIG. GEN. JOHN KIRK, DIRECTOR OF TRAINING; BRIG. GEN. ED HONOR, DCSLOG; AND HARRY WEST, DCSPER

General PEIXOTTO. Mr. Chairman, the reason I am sitting over here on the left has nothing to do with my political affiliations. I want that clearly understood. I prefer to sit over here so I can be closer to the charts as I discuss them.

It is a pleasure to be back before this subcommittee to report on the Army's O&M budget for fiscal year 1984, which totals $17.9 billion.

Now, I will have to say that there is information in my statement. First, I have a recorded statement that I would like to include in the record and I have a reading statement I would like to go through. There is some overlap with some of the discussion you have already had with General Mahaffey, but I look at it more from a budget point of view, so I presume you want to discuss it that way.

Senator HUMPHREY. Yes.

General PEIXOTTO. It is very clear, due to the fact that much of what I am presenting here has already been discussed, that the Army's operation and maintenance funding levels have a direct impact on Army readiness. This appropriation contains the funds necessary for training, logistics, base operations, and soldier support.

The appropriation permeates all echelons of the Army, and is vital to every commander, soldier, and civilian employee. The budget has been developed in response to the threat to our national security. It represents the Army's best judgment of the required balance between operations, procurement, research and development, and all other appropriations.

The budget addresses the serious funding shortfalls of the past and supports requirements for both current and future operations. Our goal is to produce the finest soldier in the world. The Army's operation and maintenance appropriation is vital to the attainment of that goal.

The fiscal year 1983 budget submitted in January 1982 projected a 3-percent growth, or $470 million. After congressional action was completed in December, there was no real increase in our buying power over fiscal year 1982. Direct reductions, as well as other congressional actions, resulted in major reductions to our funding levels in O&M, so in effect we had a no-win game for the current year that we are executing.

We have taken actions to insure our reduced programs could be executed in the remaining months of this fiscal year. We protected modernization requirements, but made reductions in real property maintenance activities. We were unable to maintain a zero backlog in depot maintenance and could not adequately fund many of our logistics programs. Additionally, some training will not be accomplished at the desired intensities.

The total Army budget for 1984 has a 10-percent real growth. I assure you that this 10 percent meets only the minimum needs and that reductions in any part of the Army budget, military pay, procurement or O&M will impact on Army readiness during fiscal year 1984 and also during the later years.

Today's state of readiness is a product of too many years of limited defense spending. With the strong support of this committee and the full Congress, we have made significant progress in the last couple of years in overcoming some grave deficiencies to Army readiness, but there is much more to be done in the years ahead.

The hollow Army is truly getting better. We are now able to maintain a full-strength Active Force. Our National Guard and

Army Reserves are increasing their strength and equality. Equipment shortages are still critical, but with continued support and increases in the procurement appropriations these will get better.

The quality of individual and unit training is increasing. Our facilities, one of our most neglected features, are improving. We are making good progress, but the increased funding is essential to insure that we have the combat power and readiness required in the latter half of the 1980's.

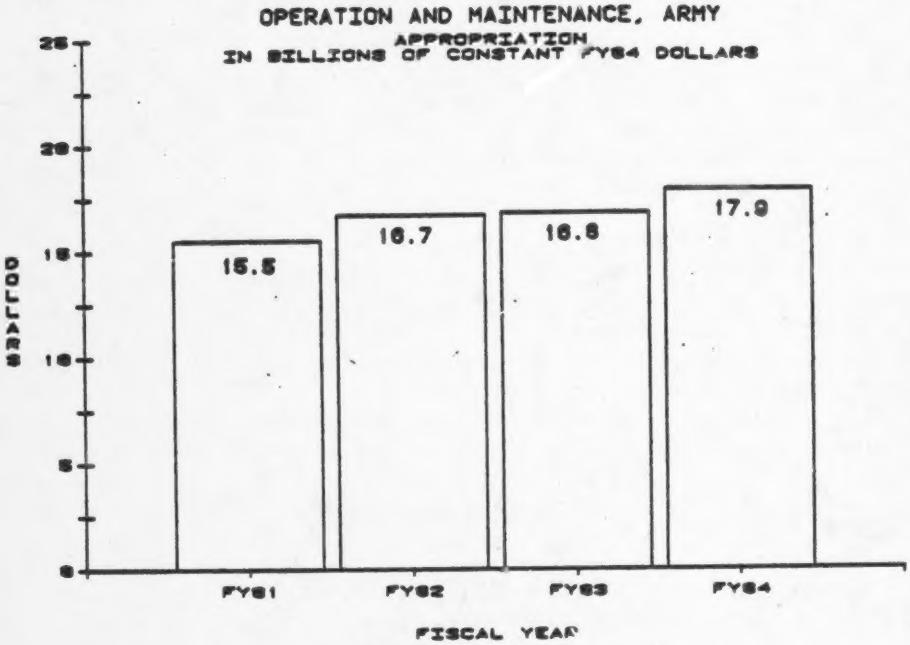


Chart 1

General PEIXOTTO. Now the first chart demonstrates the fact that the O&M appropriation has allowed very limited real growth. As a matter of fact, we had 7.7 percent growth between 1981 and 1982, and no growth, as I mentioned, between 1982 and 1983 because of the congressional reductions.

Now we are projecting 6.5 percent growth for fiscal year 1984, that is in OMA and 10 percent in the total Army budget, but I must say that I view with alarm the impact of the recent action by both the House and Senate Budget Committees to severely limit real growth, and I tell you I know in my gut that OMA will pay the bill.

I hope we make the point that this growth is essential. We cannot achieve the readiness we need without this growth, because of the additional things that are going on within the Army.

OPERATION & MAINTENANCE, ARMY BUDGET PROGRAM
($ IN MILLIONS)

PROGRAM	FY 82	FY 83	COST GROWTH	PROGRAM GROWTH	FY 84	CHANGE
O 2 GENERAL PURPOSE FORCES	2,117	2,713	−67	476	3,122	409
O 3 INTELLIGENCE & COMMUNICATIONS	722	833	43	78	954	121
O 7 CENTRAL SUPPLY	2,867	2,698	252	−14	2,936	238
O 7 MAINTENANCE	1,540	1,785	145	−69	1,861	76
O 8 TRAINING	734	853	22	82	957	104
O 8 MEDICAL	898	1,087	40	21	1,148	61
O 8 OTHER GENERAL PERSONNEL ACTIVITIES	442	487	18	55	560	73
O 9 ADMINISTRATION	863	799	17	41	857	58
O 10 SUPPORT OF OTHER NATIONS	106	96	13	−1	108	12
O 11 BASE OPERATIONS (LOG)	2,146	2,357	136	240	2,733	376
O 12 BASE OPERATIONS (RPMA)	2,643	2,275	172	185	2,632	357
TOTAL	14,968	15,983	791	1,094	17,868	1,885

Chart 2

General PEIXOTTO. This chart has a lot of numbers on it and it portrays the differences between fiscal year 1982, fiscal year 1983, and fiscal year 1984. It highlights the cost-growth figure at the bottom of $791 million and then program growth of $1.1 billion, which represents the 6.5 percent we are talking about.

The major components of this growth are: $340 million to support new weapons systems that we are fielding; $185 million for real property maintenance; $72 million to fund approximately 5,000 additional civilians; $175 million in base operations, and this is basically for quality of life, commercial activities, and truck reconditioning programs; and the balance of the growth provides for the support of individual and unit training, medical care, educational programs, communication initiatives, and our war reserve stocks.

We had to defer full funding of some requirements; thus we have negative growth in central supply and maintenance. This will cause growth in our maintenance backlog, as you will see in a moment.

We have intensified our efforts to manage the taxpayers' dollar to get the maximum level of readiness for any given level of funding. One of the Army's seven goals is managment. The statement in this goal is "A total Army which efficiently and effectively uses the resources made available."

We are striving to maximize the use of all of our resources and are making strong, steady progress toward this goal. Overall, we have identified throughout the Army a potential savings and cost avoidance of nearly $7.5 billion for fiscal years 1981 through 1988. This includes O&MA savings and cost avoidance of $2.5 billion.

The fiscal year 1984 request includes 35 initiatives which are expected to generate an estimated savings and cost avoidance of $322 million in the O&MA appropriation. The Army will continue to stress a heightened sense of managerial controls and commitments. Our stewardship of the taxpayers' dollars is a responsibility we take seriously, and our efforts to get maximum mileage from our allocated resources will continue.

As General Mahaffey mentioned, we have had some notable successes in manning the Army. A few years ago, the Chief of Staff had to tell the world that we had a hollow Army, which consisted of two parts—our inability to man and to equip the Army. Through the successes we have discussed here, we have been able to increase the pay for the soldier, we have enhanced bonus and educational programs. We are now attracting and retaining some of the finest soldiers that we have ever seen in the peacetime Volunteer Army.

Last year, over 85 percent of all new enlistees were high school graduates, and our retention rate has improved. As a matter of fact, we can now be very selective about the quality of soldier who wants to reenlist, as has been discussed with General Mahaffey. These men who reenlist are the NCO's, the leaders of the future, and are a very important asset to the Army.

As I speak of the future leaders of the Army, let me emphasize here the importance of continuing on with the ROTC program. We have a need to produce 10,000 to 11,000 officers for the Active and Reserve components per year, and the key to this is the scholarship program that permits us to fund 12,000 scholarships. I ask you continued support of this important area of building for the future.

I have mentioned the 5,000 civilians that have been added. I would also comment on the borrowed military manpower program that will continue on in fiscal year 1984. It has permitted us to return 12,000 soldiers, worth at least one division of combat power, to Active units. These soldiers had to be taken from tactical units to handle administrative work because of shortages of civilians. The soldiers are now back in their units, and authorized and funded civilians are doing those jobs.

In the fiscal year 1983 legislation, Congress removed the statutory and administratively imposed civilian personnel ceiling on our industrially funded activities—and I say hurrah for that. This change has permitted us to synchronize civilian strength levels with the required workload and significantly increase our efficiency and effectiveness. Mr. Chairman, I strongly encourage your support for extending this no-cost program into 1984.

We have made some improvements in our quality of life programs, and are trying to reduce expenditures in the CHAMPUS program by reducing the certificates of nonavailability, and by assuming more of the load in our direct care systems. We are also enhancing the morale, welfare, and recreation programs and accelerating the replacement of wornout barracks furniture and dining facility equipment.

In training the force, we have made a great deal of progress. We are keeping up the tempo, although with the fiscal year 1983 cuts we have had to cut back, particularly in environmental training. In fiscal year 1984 the budget provides additional National Training Center rotations, and improves and increases our noncommissioned officer training program.

One issue in the budget that I would highlight is the emphasis we are putting on physical fitness. The Secretary of the Army and Chief of Staff of the Army are strong advocates of this program. You cannot have a combat-capable Army that is not truly physically fit. The Soldier Fitness Center at Fort Benjamin Harrison, supported by this appropriation, has been established to operate this program throughout the Army.

In the flying hours program, we were able to fully fund the training of new pilots. However, due to a shortage of funds in previous years, we do not have adequate quantities of repair parts to operate our tactial units at desired levels of training. Last year we took action to reprogram funds for the needed parts, and we have added additional funds in the 1984 budget and 1985.

With regard to the force structure, I would highlight that the Army is passing through a major transition, going to what we call the Division 86 organization. We have redesigned the combat division so that it can best employ all of the new equipment that we are receiving. For example, we do not plan to fight the same way with an M1 tank that we would fight with an M60 tank. This change in tactics and doctrine requires that we organize our combat units differently to optimize the value of these new programs.

The High Technology Test Bed Division at Fort Lewis, the 9th Division, is a major initiative that will provide us the structure for a light, hard-hitting division that can be used anywhere in the world. This division has greater strategic mobility than our heavier divisions and, hopefuly, after the test will give us equivalent firepower.

The budget also supports the host nation support program that you have already discussed. I recognize that the Congress did not pass this last year for various reasons, but I would point out the importance of this negotiated agreement, where the Germans will provide much of the combat service support or logistics tail for the U.S. forces. We do not have sufficient force structure to do the job without the help of the Germans. We really need this program, along with the POMCUS 5 and 6 initiatives. Both of these issues are addressed not only in the fiscal year 1984 budget, but in the President's supplement to the fiscal year 1983 budget which was sent to Congress several weeks ago.

Modernizing the force is a big-ticket item in O&MA because increased funding is required to provide for the parts, fuel and training for the new equipment. In this budget request we are $250 million short of our cost estimates. Even so, approximately $1.7 billion has been budgeted for this important job.

In order to sustain the force we must be able to maintain our equipment and our facilities. Historically, this has been an issue for the Army because funding shortages have caused maintenance backlogs in both equipment and facilities.

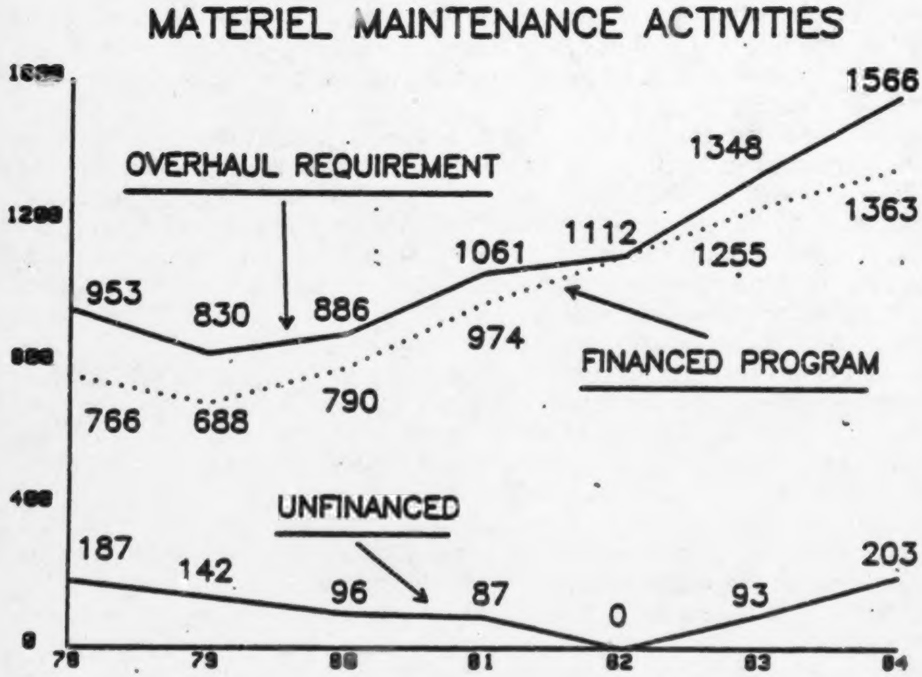

MATERIEL MAINTENANCE ACTIVITIES

Chart 3

One of our very important programs is the depot maintenance program, which overhauls major items of equipment. I think you are familiar with this, but again the top line shows the growing requirement in 1984, which reaches a total of about $1.6 billion. The constant growth in requirements is driven by the increase in the density of equipment and the intensity of training.

The funding level of $1.4 billion in 1984 shows you that we could not fund the requirements, so down at the bottom, as we have discussed earlier, you see that we are short $203 million in fiscal year 1984. That represents some equipment that will not get overhauled as scheduled in fiscal year 1984.

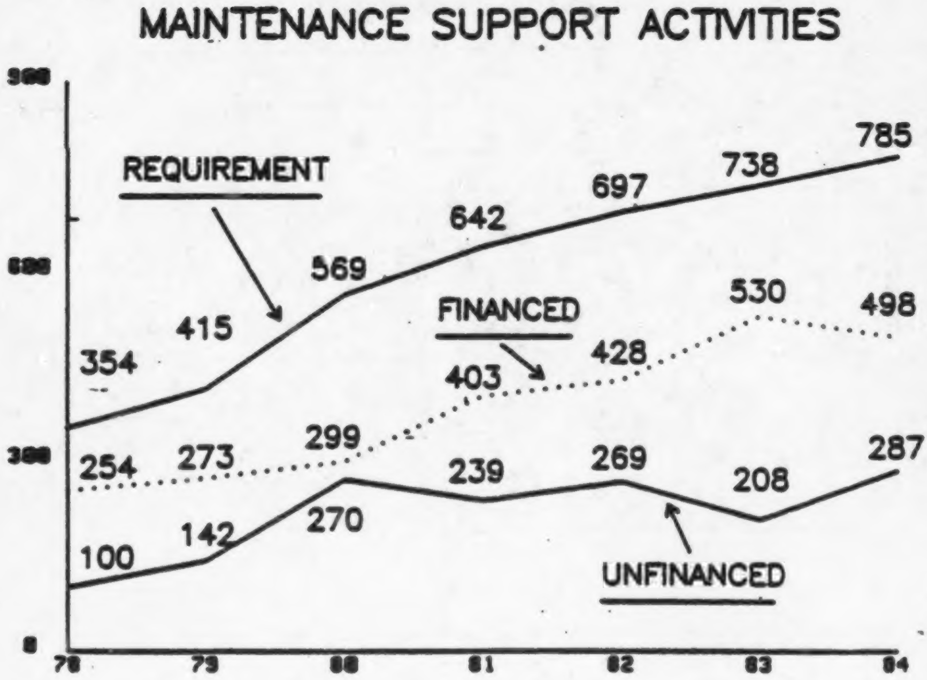
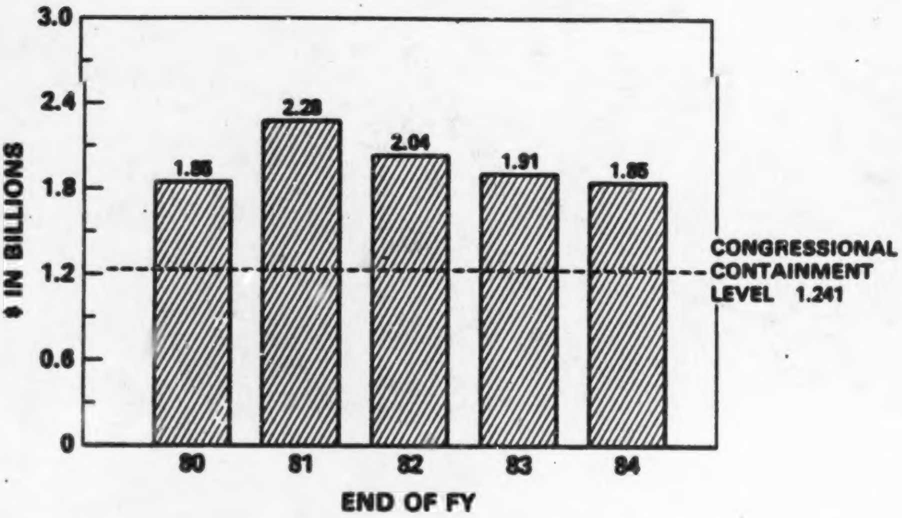


Chart 4

Also, we have a continued shortfall in funds to support our maintenance support activities. This means that we will continue to fall short of what we need to do to provide engineering services, technical assistance, and maintenance manuals. This program has had long-term shortages with a requirement of $785 million in fiscal year 1984 and a shortfall of $287 million. Obviously this is not the highest priority in the Army, but it does have an impact in the logistics area.

In the area of facilities, we appreciate the strong support the Congress has given in recent years and particularly in Europe, where our soldiers have been living and working in conditions that were unacceptable. Thanks to those Members of Congress that visited Europe to see the conditions, we received the funds that got the situation turned around. We are making progress but have a long way to go with a backlog remaining at $1.8 billion.



BMAR REDUCTION
IN BILLIONS OF DOLLARS

MEETS DEFENSE GUIDANCE (CONGRESSIONAL CONTAINMENT BY FY 88)
ASSUMES $100 MILLION MIGRATION EACH FY 83-84

DACA-CA

Chart 5

As you can see, we hit a peak in the backlog of $2.28 billion in fiscal year 1981. We are able to reduce that in fiscal year 1982, we show some reduction in 1983, and a slight reduction in fiscal year 1984. These reductions in 1983 and 1984, I must caution you, actually are not built into the budget. It is contingent upon money migrating from other programs within the budget into these RPMA accounts.

I will conclude simply by stating that the budget request has been structured to meet the Army's essential needs to insure readiness during fiscal year 1984. We have mentioned things the budget will accomplish, but I would also like to summarize some items this budget does not accomplish.

It does not prevent growth of unfinanced requirements in the care of supplies in storage. It does not fully fund depot overhaul and maintenance support activities. It does not fully fund training base requirements. It does not adequately fund recapture of CHAMPUS workload.

It does not eliminate bachelor furnishing deficit. It does not satisfy industrial base equipment maintenance. And, finally, it does not reduce BMAR in Conus.

Before I complete, I would like to introduce my supporting team here. On my right is Brig. Gen. Jerry Jennings, who is the new Director of the Operation and Maintenance Appropriation; Brig. Gen. John Kirk from DCSOPS, Director of Training; Brig. Gen. Ed Honor from DCSLOG, my maintenance expert; and Dr. Harry West from DCSPER, who is the world's greatest expert on manpower management.

That concludes my comments.
[The prepared statement of General Peixotto follows:]

PREPARED STATEMENT OF
LIEUTENANT GENERAL ERNEST D. PEIXOTTO
UNITED STATES ARMY

INTRODUCTION

It is my pleasure to appear before this Committee to discuss the FY 1984 Operation and Maintenance, Army Budget request, as submitted to Congress. The FY 1984 Budget request is $17.9 billion.

In the broadest sense, Operation and Maintenance, Army is the wellspring of readiness. Readiness, the essence of vigilance and deterrence, is not simply the ability to fight and win today. Today's state of readiness is the product of years of austere funding. Tomorrow's readiness depends upon today's level of funding and the stability of the funding stream. Readiness is the final objective of our initiatives in manning, structuring, equipping, mobilizing, deploying, and sustaining the force. This appropriation is an integral component of these initiatives, permeating all echelons of the force, vital to every commander, soldier and civilian employee. As the lifeblood of the force, this appropriation is: the first to feel the impact of change; the first used to meet the mission; and the first to be challenged. Today, I will briefly address the status of the present - Fiscal Year 1983 after the Congressional reductions; our future - Fiscal Year 1984; and the emerging challenges within the appropriation - involving training, equipment maintenance, living and working conditions, and notably our sustaining capability. The challenge before us is to address all aspects of readiness, within limited resources, to meet our primary mission. Essential to this approach are: the threat; the fundamentals of soldiering; and recognition of the dynamics of the entire Army Budget.

Our soldiers must be capable of operating at all levels of the threat spectrum, at any location in the world, and at a moment's notice. They must be physically and mentally fit, well-trained, well-equipped, and well-led. They must get to the fight on time, seize the initiative, make the enemy react, deny him "first line" success - then they must have the staying power to insure success. This mission can only be achieved through the coordinated efforts of the total force: to train today for tomorrow; to work off today's backlogs; to achieve significant economies and efficiencies today; and to achieve excellence both as individuals and units. Our commitment to excellence is necessary for the Army to meet its responsibilities to national security in this era of constrained resources. Our goal is to produce for the Army -- through excellence in leadership, effective training, and individual achievement -- the finest soldier in the world. The Operation and Maintenance, Army Appropriation is an essential element in the attainment of our goal of excellence.

Operation and Maintenance funding is the drum beat, maintaining our pace - our progress toward achieving the goal; it must not be muffled by false economies. Command decisions have shaped this request, resourced according to need and balanced between near-term readiness and critically required investments. These decisions set the cadence, maintaining the tempo of a broad gamut of operations. This consistent cadence is vital to success; previous interruptions have been costly both in terms of resources and readiness.

FISCAL YEAR 1983

Last year, our Fiscal Year 1983 submission projected a modest real growth of three percent ($470 million); however, after Congressional action there is little improvement in buying power over Fiscal Year 1982. Reductions such as $50 million for Borrowed Military Manpower, $30 million for Army Continuing Education, $35 million for the European Brigade, $23 million in Depot Maintenance and Industrial Workload Carryover, and $156 million in the Force Modernization Program had significant impacts on the appropriation. Beyond these direct reductions, other Congressional actions exacerbated our funding situation; twenty-five percent military pay and VHA absorptions coupled with the absorptions of civilian pay increases, Medicare, and Health Benefits, not only for Army, but also for part of the Defense Agencies, drastically reduced our available funds. We have taken action to insure our reduced programs can be realistically executed in the remaining months of Fiscal Year 1983. We have protected modernization (equipping the force) because these OMA costs are driven by equipment distribution from production lines and the modification/overhaul of existing equipment. We resisted drastic reductions in the Real Property Maintenance Activities (RPMA) Program and should realize a slight decrease in the Backlog of Maintenance and Repair (BMAR). However, we were unable to maintain the zero backlog posture in Unfinanced Depot Maintenance and adequately fund many of our critical logistics programs. Additionally, some training will not be accomplished at the desired intensity. The full impact of these actions is still being assessed at every echelon of command.

Briefly I will address the impact of operating under the constraints imposed by consecutive Continuing Resolution Authorities (CRA's). These have hampered the Army's orderly and timely execution of our vital programs - and thereby increased costs and inefficiencies. We experienced difficulty in executing new starts because of missed contract option dates, increased costs due to renegotiations, and slippages in both maintenance and execution schedules. The incorporation of an appropriation bill in the CRA in FY 1983 did permit greater confidence in our ultimate funding status and provided greater flexibility than our operations under the FY 1982 CRA. Nevertheless, discontinuance of this trend of repeated CRA's would be of enormous assistance by permitting the Army to fulfill its mission in a more efficient manner.

FISCAL YEAR 1984

The FY 1984 request is $17.9 billion. Of the $1.9 billion increase in the Operation and Maintenance, Army (OMA) Appropriation between FY 1983 and FY 1984, $.8 billion is due to cost growth, with real program growth of $1.1 billion. The chart below shows the cost and program growth provided in the Budget by program. With the little growth we are experiencing in FY 1983, the FY 1984 program growth will support the following major items: approximately 30% ($340 million) to support new weapon systems; 17% ($185 million) to provide full funding of the annual real property recurring maintenance requirements, as well as a modest reduction to the overseas backlog of real property maintenance projects (BMAR); seven percent ($72 million) for the approximately 5,000 additional civilian personnel; and 16% ($175 of the $240 million) in Base Operations(-) to provide some growth in Quality of Life and Commercial Activities Programs, and to recondition approximately 2,500 two-and-a-half-ton trucks in Europe. The remaining $65 million was addressed in the Equipping the Force program. The balance of the program growth will provide for essential support for individual and unit training, medical care and educational programs. Additionally, we continue to improve our theater war reserve posture. To balance program priorities within fiscal limitations, we reduced the FY 1984 level of support for Program 7 Central Supply and Maintenance.

If actual inflation rates exceed the overall rate of 5.1% reflected in the Budget, there will be corresponding decrease in program growth. For each one percent increase in inflation, there will be a $200 million reduction in our program funding availability.

OPERATION & MAINTENANCE, ARMY BUDGET PROGRAM
($ IN MILLIONS)

PROGRAM	FY 82	FY 83	COST GROWTH	PROGRAM GROWTH	FY 84	CHANGE
0 2 GENERAL PURPOSE FORCES	2,117	2,713	-67	476	3,122	409
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TOTAL	14,998	15,983	791	1,094	17,868	1,885

Chart 1

Looking at OMA in terms of the major categories of expense, we see that three areas consume eighty-five percent of the request. The largest expense, contracting, at $6.0 billion (32%) provides a wide variety of contracts supported by the Army Industrial Fund and the civilian sector. Next, the compensation and benefits of some 263,300 employees requires $5.6 billion. The last major segment, $3.8 billion, supports the vast array of supplies, POL, and equipment necessary for daily operations. Travel, our smallest category of expense, is being intensively managed.

OPERATION AND MAINTENANCE, ARMY TYPE OF EXPENSE FINANCED

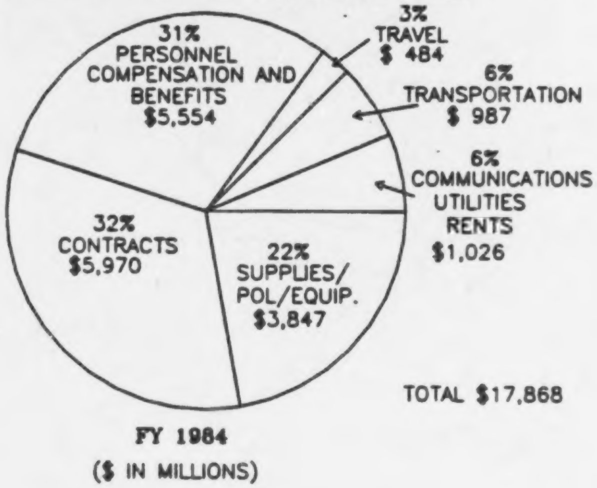


Chart 2

The key to the Fiscal Year 1984 OMA real growth of $1.1 billion is not simply the increase from Fiscal Year 1983 to Fiscal Year 1984. The following chart in FY 1984 Constant Dollars highlights that there was minimal program growth from FY 1982 to FY 1983. The FY 1984 Budget restores the trend in program growth essential to match our increasing requirements.

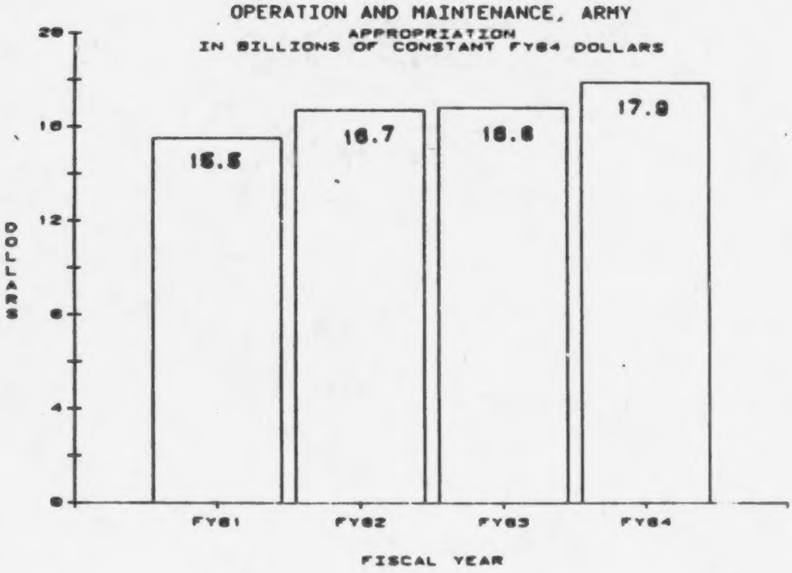


Chart 3

MANNING THE FORCE

A confident, motivated, well-trained and well-led force in sufficient numbers is vital to our combat capabilities. Through Congressional support, the skill and dedication of our commanders, and improved management, the Army has recruited and retained a force of which the Nation can be proud.

Military: Several years ago, the Army decided to fix the "hollow Army" by improving our units and personnel, rather than attempting to expand the force. This smaller, but modern, active force supplemented by Reserves and the National Guard will better counter the Soviet threat. Thus, our overall manning goal is a force of highly trained professionals. We must continue to attract and retain high-quality soldiers. Indications are that we have made significant improvements in this area.

The Army has exceeded the FY 1982 Congressionally established quality requirements. Resources requested in this Budget provide the support necessary to meet the FY 1983 Congressional guidance of no more than 20 percent of the accessions from Mental Category IV and that we achieve our FY 1984 volunteer Army objective of 124,500 non-prior service and 10,000 prior service accessions.

The OMA request for recruiting and examining is $233.4 million, a program growth increase of $10 million over FY 1983. This increase is required to meet more stringent quality objectives; specifically, 4,000 more male high school diploma graduates, at a time when the pool of eligibles is shrinking and when national economic conditions are expected to improve. Further, the increasing sophistication of our weapon systems dictates that we have qualified troops to maintain and operate these systems.

Enlistment efforts during FY 1982 resulted in the highest enlistment rates since the inception of the All Volunteer Force. To preclude exceeding needs, emphasis has shifted to a more restrictive qualitative reenlistment management program. Reenlistment and retention efforts and the Selective Reenlistment Bonus (SRB) program have assisted the Army in reducing NCO shortfall in the combat arms skills by approximately 4,000 in FY 1982. In FY 1983, we currently project a shortage of non-commissioned officers only in the Electronic Warfare/Intelligence/Chemical skills and no shortfall by end of FY 1984. An additional benefit of quality improvement is the positive trend demonstrated in the decrease in AWOL, drug abuse, and crime rates.

In order to meet total force officer accession requirements, ROTC has the mission to produce 10,000 - 11,000 officers in 1985 and out. Approximately half of these officers will enter the Reserve Components and the other half the Active Component. ROTC's current production ramp will allow them to achieve the required level of production (10,695) by 1985. ROTC commissioned 7,079 officers in 1982 and will produce 8,745 and 8,973 officers in 1983 and 1984, respectively. The Army continues to fund the 12,000 scholarships in FY 1984 which will annually produce 3,500 - 4,000 Lieutenants. These scholarships are a key incentive to attracting highly competitive young men and women with the leadership potential, skills, and academic disciplines necessary to lead American soldiers.

Civilian. The FY 1984 Budget reflects an increase of approximately 5,000 civilians at an additional cost of $72 million. This will, along with other actions, restore civilian allocations removed in anticipation of contracting under the Commercial Activities Programs, and support civilian substitution and the DoD Family Member Program. Additionally, the Army has made some management improvements that will result in greater productivity from the workforce. The following chart reflects the OMA civilian personnel trend from 1980 to this budget request. Of our civilian workforce, approximately 28% is devoted to Base Operations(-) and 13% to our Real Property Maintenance mission. These two categories support most of our installation functions and encompass the largest segment of the 263 thousand civilian workforce. Central Supply and Maintenance, Program 7 receives approximately 18% of the total to support their missions. Programs 2 and 8T support most of our individual and unit training requirements and utilize 16%. Medical Care missions are accomplished with 11% of the civilian workforce. The balance of the civilian workforce support missions such as communications, recruiting, education and administration.

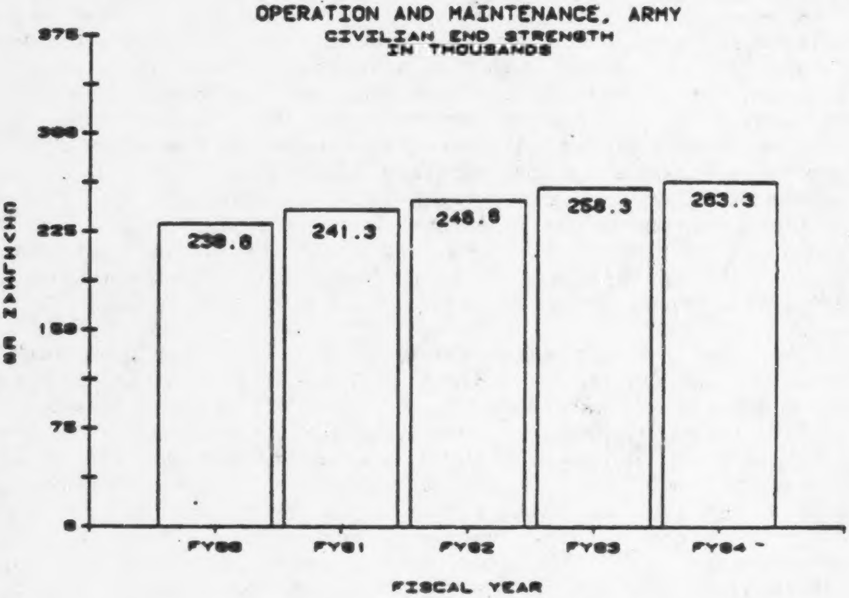


Chart 4

The Borrowed Military Manpower Program continues in FY 1984 at the FY 1983 level authorized by Congress. The hiring of civilians in order to return borrowed or diverted military personnel to their units has been of immense benefit to the Army. These civilian increases offset the existing mission shortfall, due to inadequate civilian manning, for which the Army borrowed or diverted soldiers from their military units. Over 12,000 soldiers have been returned to their units, which has improved force readiness by increasing the number of soldiers available for training and the manning of essential combat units.

Since the early 1970's, the Army has given employment preference to DoD family members for civilian positions filled by local recruitment in foreign areas. This preference is given when vacant local national positions are to be filled, provided that on-board local national employees are not denied promotion or in-service placement opportunities. The number of DoD family members employed in our overseas locations contributes significantly to improving the military family's standard of living.

Implementation of the civilian substitution program continues into FY 1984 with the civilianization of 2,000 additional TDA military positions. This program is designed to retain the programed military end-strength, while increasing readiness through the assignment of released military personnel to other high-priority force structure needs. Civilianization reduces programed military end-strength by a corresponding and offsetting civilian increase. Military positions are converted to civilian and are not transferred elsewhere in th Army's Force Structure.

Quality of Life. The Army's Quality of Life (QOL) Program directly impacts the Army's ability to man the force and improve near-term readiness. This program addresses the Army's obligation to provide adequate housing, health care, education, pay, facilities maintenance, safe and healthful working conditions, and essential community morale, welfare, and recreation activities. Due to budget contraints, many of these services are funded at the FY 1983 level, permitting little improvement.

Health care delivery during peacetime is the principal means by which our medical personnel prepare for contingency and mobilization missions. Adequate levels of peacetime care must be provided (i.e., training), to properly prepare for our primary wartime mission. By law, all beneficiaries--active duty, retired and other family members -- are entitled to medical care at DoD expense. Medical care not provided in military facilities is provided through CHAMPUS, which has proven to be a more expensive alternative. In the past, the Services have been tasked to reprogram funds in order to support CHAMPUS shortfalls.

The Medical Care Program reflects a minor program growth of $21 million from FY 1983 to FY 1984. Increased emphasis and direction by the Congress has been placed on reducing CHAMPUS cost growth. Our initiatives have been directed to assume additional CHAMPUS workload into our Army direct care system. Some initiatives are: reducing the number of non-availability statements issued to beneficiaries to the extent possible and providing that care within our current capability; and, testing a system of capturing additional outpatient care within our facilities.

The Base Operations (-) program consists of common service type support provided at the installation level. Many of the programs which impact on the qualify of life of the soldier and his family are funded by Base Operations (-). Of the $240 million in FY 1984 program growth, $38 million will directly contribute to improving quality of life programs. Included in program enhancements are $16 million to support Morale, Welfare and Recreation (MWR) programs and $17 million to accelerate the replacement of wornout barracks furniture and dining facility equipment.

There are over 4,600 community MWR activities, plus the Army Community Service (ACS) Program (community-oriented family service program) to assist commanders in responding to the needs of military personnel and their families. These programs are allocated a total amount of $218 million of appropriated funds support in the FY 1984 budget submission, which provides for a modest improvement. Recently, the Office, Secretary of Defense expanded the roles of Army Community Services to include establishing programs for Family Advocacy (Domestic Violence), Consumer Affairs (Financial Assistance), and Exceptional/Handicapped Family Members.

Of particular concern are adequate, safe child care facilities and other family support activities needed by soldiers and their families. Statistics indicate that the majority of people using the child care center are enlisted men's working wives. Child care centers support readiness by reducing lost duty time related to conflict between parental responsibilities and unit mission requirements. We feel obligated to insure a proper state of repair, maintenance and safety of these centers.

Program 8, Other General Personnel Activities, has a total program in FY 1984 of $560 million which includes $55 million program growth. This program supports Recruiting, Advertising and Examining Activities, an expanding Junior ROTC Program, as well as education opportunities such as Civilian Training Education and Development Program. Approximately $8 million is allocated for the civilian intern program, supporting 763 spaces. These are Army-unique positions, which cannot be filled from the marketplace and must be trained from within.

Army education programs, funded from Program 8 Other, directly support soldier readiness and retention. The education programs offered for soldiers are important both as a recruiting attraction as well as an incentive for military members to increase their educational achievement levels. On-duty education helps soldiers achieve skills they need for professional development and improves job performance. Off-duty voluntary education programs assist soldiers in fulfilling their personal goals and improving their capability in the Service. The OMA appropriation supports a number of these educational programs in FY 1984: Basic Skills Education Program; tuition assistance; and Education Center operations. The Army Continuing Education System (ACES) Program, essentially maintained at the FY 1983 level, supported 498,958 enrollments in FY 1982 with anticipated enrollment increases of 11% in FY 1983 and FY 1984. In FY 1982 during off-duty hours, soldiers earned 4,162 high school diplomas, 12,605 GED certificates, 15,682 vocational/technical certificates, 2,088 associate degrees, 1,057 baccalaureate degrees, and 1,553 graduate degrees. The budget request also includes an increase of $31.0 million program growth for earned entitlements under the Veterans Educational Assistance Program (VEAP), and to satisfy matching, "Kicker", and Test Program contractual obligations incurred during the period 1 January 1977 through FY 1983.

These past and present morale and readiness builders have helped to increase the attractiveness of an Army career. Adequate programs are required to address medical, living conditions and support issues affecting family members thereby freeing service members to concentrate on the demands of the Army as a profession.

TRAINING THE FORCE

Individual Training. Individual Training is basically funded by Program 8 Training. Mission funds increased from $853 million in FY 1983 to $957 million in FY 1984 and reflect a program growth of $82 million.

The FY 1982 expansion of Basic Training and the corresponding increase of One Station Unit Training (OSUT) from 7 to 8 weeks provided newly enlisted soldiers increased emphasis on soldierization and the basic combat survival skills required on the modern battlefield. This expansion is sustained in the FY 1984 Budget request. This budget also reduces military and civilian trainer shortages within the Institutional Training Base and provides trainers to meet defense language training requirements and the enhancement of Signal Intelligence/Electronic Warfare Training. The OMA appropriation funds an increase of 1,431 civilians in the Institutional Training Base who replace military personnel, support new equipment training, and fill some of the recognized shortages.

Physical fitness is vital to Army readiness. The foundation of the Army's program is the Soldier Physical Fitness Center at Fort Benjamin Harrison. The FY 1984 request includes an increase of $4.1 million for establishment of the program. The Center will direct all Army programs associated with physical fitness, to include training courses for program managers, trainers, and fitness specialists. Increased emphasis has been placed on total fitness for all ages, rank and duty assignments. With proper diet, stress management, exercise and reduction of substance abuse (to include smoking), we can improve an individual's health and ultimately the readiness of our force.

The flying hours for individual flight training are fully funded in this budget. Flight training requirements for both Active and Reserve Components have increased over FY 1983 at a cost of $6.8 million.

The professional development, education, and training of our commissioned and non commissioned officers, both Active and Reserve, continue to receive emphasis. Increased importance is being placed on providing requisite training to support force modernization and requirements of the Air Land Battle. The Army must insist on tough training in schools and vigorous unit leader development programs. Leadership development is particularly important during this critical transition phase, as we modernize and face the complex demands of the future. We are making every effort to create an environment in each Army unit which allows leaders to seize the initiative, act creatively and solve problems at the lowest level. Perhaps our greatest advantage over the Soviets is our decentralized system, which encourages our Commanders to act in a decisive manner. These skills are not necessarily inherent; they can be taught and exercised through realistic training and practice.

Although we have had significant improvements in the individual training arena, we still have not completely solved the manpower shortage in the training base. Of our program growth, approximately one half will essentially exchange civilian personnel for military and provides an increase to the Senior ROTC Officer Acquisition Program.

Unit Training. This budget reflects a $19 million increase for unit training which provides additional brigade/division level training for Europe and specialized training at cold weather/jungle sites for CONUS forces. This area was one that became a "bill payer" in FY 1983 in order to fund other essential programs, and would have otherwise realized a funding decrease over FY 1983. In the past two years the shortages of qualified NCOs and the continued personnel turbulence were the biggest training constraints reported (unit status reports). As stated earlier we anticipate the NCO shortage will be eliminated by 1984.

The frequent moves and subsequent personnel turbulence have affected readiness and have been a drawback to military life. Commanders now command their units for two to three years. The new manning system (regimental concept and COHORT), will permit soldiers to gain and maintain an identity with a unit. Rotations are made as units rather than as individuals, thus creating greater expertise, cohesion, camaraderie and readiness. The goal of the system is to keep soldiers and their leaders together longer. This concept is based upon three major precepts - stabilization, unit replacement and the regimental system. The New Manning System is designed to create an environment that fosters the cohesion and commitment so vital to success on the battlefield.

The Army's premier unit training facility is the National Training Center (NTC), providing heavy battalions intensive, instrumented combat against a realistic opposing force. This experience is available nowhere else in the Army. Data gathered at the Center provides feedback to improve doctrine, tactics, training systems equipment and procedures. In FY 1984, $46 million is programed for twenty-four heavy battalion task forces, including three Reserve Component battalions, to conduct training at the Center.

The Joint Chiefs of Staff (JCS) exercise program provides a major contribution to Army operational readiness. Exercises are designed, scheduled, and conducted to support national policy and military strategy. Training accomplished in Joint exercises is the culmination of unit and unilateral service training. Only through realistic interaction of combat units in the areas of mobility, command and control, and communications can the complexities of modern warfare be realized. Joint exercises provide the opportunity, often not obtainable in any other training situation, to accomplish specific objectives in each of these areas. Forces do not operate independently; Army forces must be exercised and evaluated in Joint and combined exercises, to assure total force readiness. The Army is scheduled to participate in 43 JCS-directed and JCS coordinated exercises in FY 1984, compared to 46 in FY 1983. Programmed FY 1984 cost will be $65.8 million, about $1.6 million less than that budgeted for FY 1983.

The active Army's (OMA) flying hour program for FY 1984 is 1,233,540 flying hours at a total cost (fuel and repair parts) of $283 million. This request reflects an increase of 6,929 hours, which is sufficient to support undergraduate and graduate flight training and provides the minimumally acceptable level of individual, unit, and combined arms readiness training.

To insure that the training base was adequately supported with flying hours, other units' flying hours were reduced to contain the overall Army flying hour program at a level which was supportable with available repair parts. As the year progresses, we will monitor the balance between the training base flying hours and other unit flying hours to offset readiness problems which might develop.

STRUCTURING THE FORCE

As part of a comprehensive plan which looks at the Army of the 1990's, the majority of units within active heavy divisions, and their associated roundout units, will convert to new, more effective unit designs with advanced types of equipment. With these conversions, units will be reorganized, increasing their effectiveness and providing a ready base to accept new systems and commonality of doctrine and training. In FY 1983 the Army converted units receiving the M1 Tank, Fighting Vehicle System, and the Multiple Launch Rocket System to the new more effective Army Division 86 designs. This new design incorporates the results of testing (Division Restructuring Study, 1977-1979); lessons learned from 1973 Mid East Conflict; a changing threat, and an integrated look at all the systems which will be available by the mid-80's. The new force designs improve operational effectiveness of units and optimize the combat effectiveness of existing and new systems. They provide an enhanced capability for continuous combat on a conventional or integrated (nuclear, chemical, electronic warfare) battlefield.

During FY 1981, the Army began a major initiative, the High Technology Test Bed (HTTB) using a standard infantry division -- the 9th Infantry Division at Fort Lewis, Washington -- as a base. The activities associated with the HTTB focus on developing a new light division designed to improve our capability for rapid deployment and exploit technological opportunities. This new division is designed to meet our urgent requirement for a lean, hard-hitting force that can be rapidly deployed worldwide. The dynamic nature of this far-reaching initiative, coupled with the urgency to field the division by FY 1986, requires continued Congressional support in the budget process. The FY 1984 OMA budget provides approximately $36 million to support continuance of this initiative.

Programmed force structure improvements are designed to increase the ability of the training base to support the latest organizational design changes, the introduction of new equipment and the changes in strength. Significant reductions to offset these increases include inactivation of the European Brigade (4-4 Mech Bde), inactivation of selected Active Component units, and the subsequent transfer of some of the missions and equipment of these units to the Reserve Components.

A number of OMA supported programs have been developed which focus on the readiness and deployability of both the Active and Reserve Components. The Army CAPSTONE Program aligns every Active and Reserve unit with its designated wartime command. The Affiliation Program is designed to improve the operational readiness and thereby the deployability of Reserve Component (RC) units by associating designated RC units with Active Component (AC) divisions or comparable AC units. The AC units provide assistance in many ways to the affiliated RC units. The rapidly growing reliance on the Reserve Components in the Total Force to meet world contingencies substantiates the requirement for this essential readiness improvement program.

Host Nation Support (HNS) is an essential component of US efforts to develop a stronger deterrent and warfighting posture through equitable US-Allies costor burden-sharing. HNS has existed for many years in Europe and Korea, and includes key logistical projects such as POL, ammunition support, overhaul of US equipment and Korean Service Corps. In Europe, difficult negotiations spanning a four-year period recently culminated in the signing of a Host Nation Support Agreement on 15 April 1982. Under its provisions, the Federal Republic of Germany would provide approximately 93,000 mobilized reservists (68,000 of whom will be dedicated to the Army) to perform critical logistical support tasks, in crises or war for US Forces. The US and Germany would share nearly equally the peacetime cost of the HNS program. The US would fund for civilian salaries, maintenance of equipment, and procurement of unit equipment that would be needed during mobilizaion but which could not be mobilized from the German civilian sector. Germany would pay for salaries of the Reservist, their personal equipment and unit training equipment. The ultimate objective is to sign similar agreements with Belgium, Luxembourg, and the United Kingdom. In this context, Congress' reluctance to authorize funding for the US FY 1983 share of this desirable and essential arrangement has far-reaching implications, severely impeding progress in obtaining increased burden-sharing by our Allies. The FY 1984 OMA request of $8 million will provide funds to reimburse Germany for the US share of their small HNS peacetime operating expenses. This approach is imperative if the momentum of this effort is to be regained, the HNS concept sustained, and the dangerous deficiencies in US logistical support eliminated.

MODERNIZING THE FORCE

Equipment: In the fielding of weapon systems, a relationship exists linking the procurement and the O&M Appropriations. O&M's greatest impact occurs two years after the appropriation of procurement funds. Thus, the effect of growth in one appropriation, vis-a-vis another, does not necessarily correspond within the same fiscal year. The current distribution between the Operation and Maintenance, Army appropriation and the procurement accounts reflects this linkage and provides a balanced program. The operating and support costs of new systems have been budgeted at an amount some $250 million less than our identified requirement. The Army will evaluate this program in greater detail and determine how to manage any future unfinanced requirements. As we enter the years of execution, adjustments to the program may be required.

The OMA Force Modernization Operating and Support (O&S) Cost Program supports the Army's Force Modernization Program by providing funds to support the new or modernized equipment approved by Congress for procurement over the past few years. These funds support the operating and support life cycle cost of the new equipment from the initial production contract through delivery, fielding and operation. Funds also provide for the transfer of the replaced equipment either directly or through depot rebuild to other Active, Guard, or Reserve units, or into War Reserves. Given the equipment shortages within the total Army, few systems completely leave the Army.

Over the past four years, the OMA appropriation has experienced rapid growth in this program from a total of $420 million for 42 systems in FY 1981 to $1.67 billion for 192 systems in FY 1984. The program growth of about $400 million from FY 1983 to FY 1984 supports the annualization of the cost of equipment fielded in FY 1983 and new systems fielded for the first time in FY 1984.

The rapid growth in this program reflects several factors: first, the cumulative value of the program, i.e., funds are provided for both the onetime and recurring support of new equipment, as well as the recurring support of previously delivered equipment; second, the increase in the total of major systems; third, increased operating costs of the new equipment largely due to the increased capability of these systems; fourth, new systems, such as the Multiple Launch Rocket System, do not replace older systems but provide a new capability.

A good example of the cumulative nature of the program is the M60A3 Tank. The FY 1984 request includes $50 million for this system. Of this total, less than $12 million will be used to provide one-time support and for recurring support for 105 tanks scheduled to be delivered to field units during FY 1984. The remaining $38 million will provide the recurring support for 1,764 tanks that will have already been fielded. This will differ for each system, depending on how many of a particular system have been delivered prior to FY 1984. Generally speaking, substantial quantities of the 192 different systems being supported by this request were fielded prior to FY 1984.

Basic to the Army's cost estimating process for this program is the Army Modernization Information Memorandum, or AMIM, which provides information regarding equipment description, impact on organization and personnel, training and doctrine, supply and maintenance requirements, facilities, and fielding and operating support costs. It also provides the Major Commands (MACOMs) with the expected quantities of systems each will receive, thereby providing more accurate budgeting for the system. Based on the AMIM, the MACOMs estimate their total funding requirements by each individual type system. This semi-annual process insures that current budget estimates accurately reflect Army requirements.

To assist the Army management effort, a supplemental force modernization reporting system has been developed to improve control and visibility over the execution process and to assist in future budgeting activities. Starting in FY 1982, the MACOMs were required to support their estimated obligations specifically for Force Modernization issues. This feedback permits necessary reallocation of funds among systems and MACOMs, promoting improved cost estimating for future budgets. This offline system has enhanced Army management of force modernization funds during execution.

In addition to the 192 fully supported systems, the Army is fielding more than 200 smaller items of force modernization equipment for which O&S costs have not been budgeted. Production schedule uncertainties, with the attendant modifications in fielding plans, impact estimated support requirements and necessitate periodic review and reallocation of resources even during the year of budget execution. Anticipated change in the O&S requirement for the major systems is recognized as a potential, partial offset for the O&S costs for smaller unbudgeted systems. Modernization is a dynamic program; our fielding plans and cost data are updated regularly as better data becomes available and our experience base grows.

DEPLOYING THE FORCE

Deployment addresses the process of bringing to bear the available resources of the total force (Active, National Guard, Army Reserve and Civilian Components) to rapidly prepare and deploy units capable of accomplishing their wartime mission.

This appropriation supports two major programs for our overseas deploying forces: stockage of war reserves and the POMCUS program. OMA dollars support the distribution and maintenance of war reserves and POMCUS. Also, OMA dollars support the acquisition of Army Stock Funded POMCUS supplies and equipment. These programs are especially critical in light of existing strategic air and sealift shortfalls and our need to sustain intensified combat until the industrial base can provide material at an increased expenditure rate.

The POMCUS program continues to receive emphasis with approximately $38 million in OMA funding dedicated to POMCUS Sets 5 and 6. The percent of fill for Division Sets (DS) 1 - 4 decreased slightly in FY 1982 as a result of USAREUR's redefined force requirement and restructure of POMCUS, Force Modernization, and implementation of Division 86. It is essential that the Congress support the addition of two more sets of equipment, Division Sets 5 and 6. This prepositioned equipment represents a commitment to NATO as well as the realistic capability to field ten Divisions in Europe on short notice.

Also supporting the deployment requirements is $9.9 million programmed to improve installation outloading capability. The funds will be used to upgrade facilities, such as rail lines and loading docks, and to procure blocking, bracing and tiedown material to support rapid deployment. Additionally, funds will be used to preposition and maintain railcars required to move early deploying units. Also included are $14.9 million for mission operations, training and maintenance and repair of Tactical Marine POL Terminal (TMPT) equipment, which is used to deliver POL over the shore to inland storage locations and pipelines.

SUSTAINING THE FORCE

The tactical and support forces discussed previously are supported and sustained by a sophisticated logistical base. This base, largely comprised of civilians, provides supply and maintenance support for the entire Army during peacetime operations with expanded support during wartime.

The Depot Maintenance Program makes an important contribution to the Army's peacetime operations, training, and warfighting capabilities through overhauling and modifying equipment and providing the total Army with maintenance engineering services. Furthermore, maintenance is a vital element in the fielding and sustaining of new weapons systems. In FY 1982, the Army initiated a successful effort to fully finance all required hardware maintenance that year. However, in FY 1983 and 1984 the prudent risk of deferring some work in the near term had to be taken to afford higher priority modernization and readiness initiatives. The hardware maintenance unfinanced requirement will grow from $93 million in FY

1983 to $203 million in FY 1984. A $99 million portion of the unfinanced requirement is related to constrained civilian end strength. Finally, the FY 1984 level of support for engineering and technical services and maintenance publications decreases and leaves maintenance support underfunded by $287 million.

DEPOT MAINTENANCE PROGRAM

MATERIEL MAINTENANCE AND MAINTENANCE SUPPORT
PROGRAM 7M

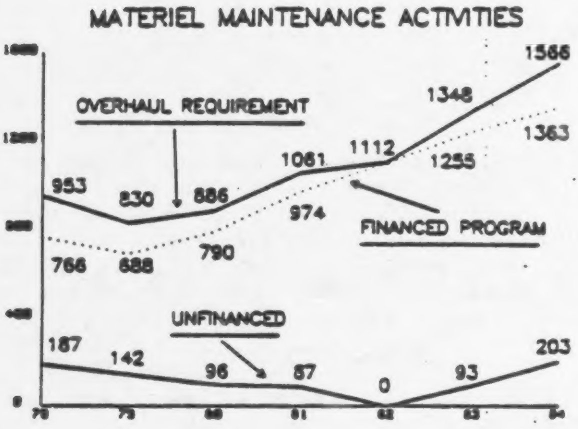


Chart 5

MAINTENANCE SUPPORT ACTIVITIES

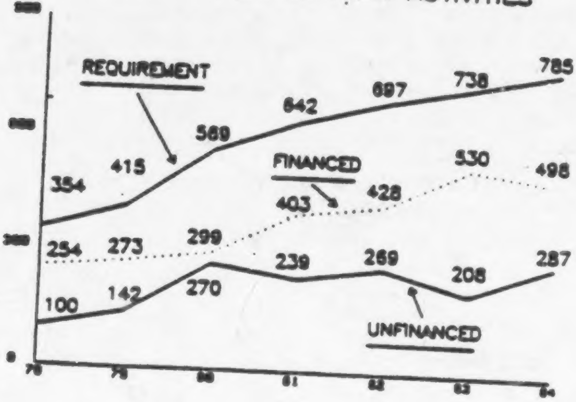


Chart 6

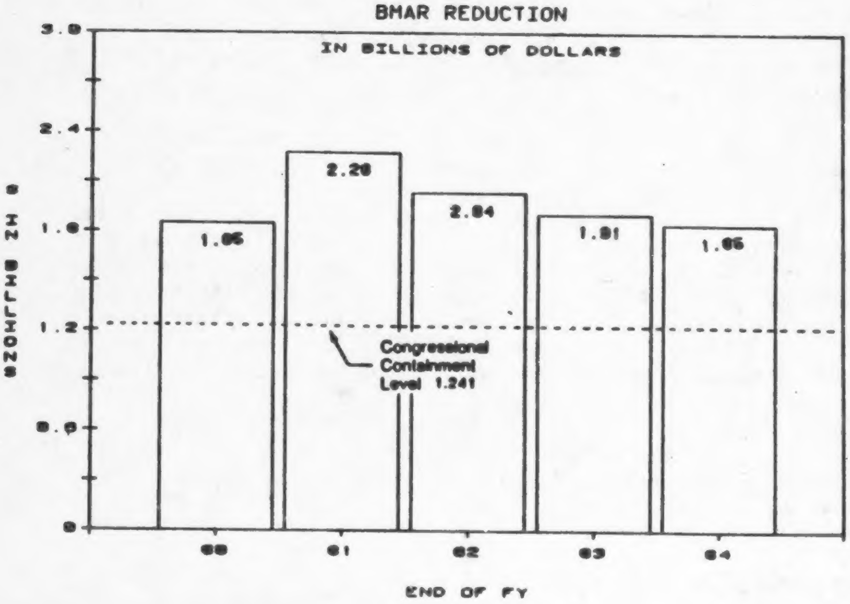
The United States is experiencing a dwindling production base, particularly in heavy industry, while many other nations continue to devote resources to the expansion of their production capabilities and the enhancement of individual productivity. We are requesting $133 million to continue maintenance of reserve industrial plants and equipment and to perform industrial preparedness planning. This is a $14.5 million decrease from the FY 1983 level of effort.

The Army's Central Supply and Transportation program provides the day-to-day supply support required to sustain our CONUS and deployed forces. While, on balance, this program is adequately funded, we will continue to have unfinanced requirements in both the Care of Supplies in Storage (COSIS) and the Conventional Ammunition Demilitarization programs. Over the short term, these program shortfalls can be incurred without seriously disturbing our sustaining the force goals.

The Army is budgeting $20 million for 234,000 new helmets made of a new material, which will provide increased protection to our soldier as compared to the M-1 steel helmet. The steel helmet has been phased out over the past several years, in anticipation of this buy. This phase out has drawn helmet stocks to minimum levels of readiness. This drawdown was necessary to ensure residual assets of the steel helmet were utilized prior to and during the introduction of this new helmet. Low helmet stockage levels have forced peacetime issuance from our prepositioned war reserve stocks. The Army is also budgeting $16.2 million for the purchase of cold weather clothing and equipment. Both these initiatives are intended to increase our ability to carry on sustained combat operations.

Facilities: The Active Army has real property facilities at 95 major installations in the United States, 39 major military communities in Europe, 170 installations and activities in the Pacific, and a Panama Defense Complex. Each major installation or community is similar to a small city, having many buildings and other structures, utilities distribution systems, drainage systems, airfields, and roads, plus training areas and firing ranges not found in the civilian community. The total replacement value of all real property on Army installations is close to $150 billion, with OMA funds operating and maintaining most of these facilities. The facilities not maintained with OMA funds include family housing, AIF facilities (including Government Owned Contractor Operated (GOCO) plants), RDTE facilities, and others. At the level of funding requested ($1,284 million) in the budget, the annual operating requirements for facilities maintenance can be fully financed, and some projects on the backlog list can be funded.

The Army has made significant progress in reversing the trend of Backlog of Maintenance and Repair (BMAR) growth which rose unabated during the mid to late 70's. With the help of Congress, the backlog was reduced in 1982 for the first time in a decade. The BMAR was reduced by $249 million and, more importantly, there are ongoing efforts and programs in place to continue this progress. The backlog remains at about a $2 billion level worldwide, with a high concentration of requirements for maintenance and repair of unaccompanied personnel housing, utilities systems, maintenance and production facilities, and supply and storage facilities. We are mindful of the Congressional Containment level of $1,241 million. The FY 1984 Budget improves our posture in relation to that objective.



Meets Defense Guidance (Congressional Containment by FY 88)
Assumes $100 Million Migration Each FY 83-84

Chart 7

Our priority system directs resources available for BMAR reduction to the most critical needs. We shall continue to use these resources effectively and efficiently. We greatly appreciate the support of the Congress in recent years in providing the means for improving living and working conditions for our soldiers, both at home and abroad.

The Army is continuing to develop combat Prescribed Load Lists (PLL) and combat Authorized Stockage Lists (ASL) which will provide a stockage of essential repair parts at unit and direct support level sufficient to support maintenance operations for critical end items under combat conditions. By the end of FY 1983, the Army will have developed and fielded combat PLLs for 60 units organic to the Mechanized Infantry Divisions, Armored Divisions, and separate brigades. Additionally, we expect that a pilot combat ASL for an Armored Division will be developed for testing. During FY 1984, approximately $12 million will be expended (an increase of $2 million over FY 1983) to field combat PLLs for non-divisional combat and combat support units organic to the Rapid Deployment

Force (RDF). By the end of FY 1984, we expect that the combat ASL for Armored and Mechanized Infantry Divisions will have been refined for subsequent fielding in FY 1985.

Another program to improve our ability to provide repair parts support during the transition to war is the General Support Supply Base (GSSB) in Europe. This program ensures the availability of critical repair parts in the European theater during interruption to CONUS supply lines. The FY 1984 budget provides approximately $20 million to support an appropriate level of Air Lines of Communications (ALOC) parts which will be stocked as part of the Corps segment of the Theater War Reserve. Current levels are based on peacetime usage rates which are not adequate to meet wartime demands. The FY 1984 program expands the breadth and depth to support requirements anticipated during combat operations.

ECONOMIES, EFFICIENCIES AND MANAGEMENT IMPROVEMENT

To maximize the use of allocated resources, the Army established the Economies, Efficiencies and Management Improvement (EEMI) Program. The program is directly linked to the President's efforts to improve operations government-wide and reduce overall budget requirements. The EEMI program ties together the myriad of initiatives and practices for improving our way of doing business and achieving savings throughout the Army.

The Army has always recognized limitations on the resources available to support our operations, and actions to produce savings have been common practice over the years. EEMI formally focuses on these actions and documents our achievements, as well as providing the impetus and the forum for new initiatives. As an incentive we are leaving the savings with the commanders to fund high-priority requirements which would otherwise not be accomplished. This has been a powerful motivator to save resources, and we anticipate even greater savings in the future.

Using EEMI as the vehicle, the Army has placed greater emphasis on programs for reducing costs and increasing efficiency, especially those with potential for highest returns and lowest costs. One of these is the Value Engineering program. This program has been averaging a return of $15 for each dollar invested and provides a means to identify and remove unnecessary costs from parts, services, maintenance and procedures while maintaining the required level of quality and performance. Value engineering proposals can be and are initiated by government contractors as well as by in-house Army employees. An example of value engineering savings is the repairing of hydraulic systems without changing the oil. Repairs to hydraulic systems have always required the complete draining of oil to reach the broken part. This not only wasted the oil, but was time-consuming and increased the risk of contaminating the hydraulic system. A new method was devised, utilizing a vacuum pump, which allows the repairman to siphon the oil away from the broken part, disconnect and cap the open lines, and remove the part for repair. In this way the oil remains in the system and is not wasted. This VE initiative will save an estimated $17 million during the next three years.

The Productivity Capital Investment Program is another of our EEMI efforts and is designed to dedicate a portion of the budget toward productivity improvements that amortize in two to four years. The objective is to increase productivity, reduce costs, save manpower, and improve readiness. These programs yield an average return of $10 for every dollar invested. At Ft. Bragg the purchase of $2,500 worth of weapons cleaning equipment is resulting in an annual savings of $90,000, by eliminating the need to send the weapons to a central location for deep cleaning with phosphoric acid. In addition to the reduced cost, it provides the soldiers with additional hands-on experience with weapons.

The Army Performance-Oriented Review and Standards (APORS) Program is another new program that will permit more efficient use of resources allocated to us. This program resulted from a General Accounting Office idea. The APORS Program will use state-of-the-art management techniques such as operations research, productivity capital investment funding, and industrial and management engineering to examine and make operational improvements in work centers throughout the Army. About 300,000 jobs will be subjected to these examinations over the next six years. GAO expectations are that through a multidiscipline analysis the Army can realize at least a four percent manpower savings. This would equate to 7,600 manpower spaces that could be reallocated without increasing authorization levels. This fiscal 1984 budget reflects the first increment, 1,200 spaces, to meet other high priority requirements.

Another key element of EEMI efforts is the Commerical Activities Program. The objective of the Commercial Activities Program is to convert certain in-house commercial type functions to contracting in the private sector when cost effective and without degradation to military readiness. Between FY 1979-1982, contract conversions resulted in the savings of 4,932 civilian and 1,551 military spaces, all of which have been reapplied to high priority Army missions. Contract conversions during this same period resulted in an estimated cost advantage to the government of $167 million.

As this committee is aware, during the past several months GAO has been reviewing the progress of DoD's economies and efficiencies effort. Preliminary indications are that they have found our EEMI Program to be an open, honest effort to save resources and that there is a genuine interest among Army managers to improve the activities they manage. The President's Private Sector Survey on Cost Control also looked into the EEMI Program, and they were very supportive of our effort to save resources.

Overall, we have identified a potential savings of nearly $4.6 billion for the period FY 1981-1988 and expect to avoid another $2.9 billion in costs through such initiatives as multiyear procurement, elimination of marginal programs and productivity improvements. This includes OMA savings and cost avoidance of $2.5 billion.

This FY 1984 budget request includes 35 initiatives which are expected to generate an estimated savings and cost avoidance of $322 million in the OMA appropriation. Without these savings, the Army budget request would have to be increased by an equal amount to achieve the results currently projected, or programs would have to be reduced to operate within the fiscal constraints.

Through the EEMI Program the Army will continue to stress a heightened sense of managerial controls and commitment as we continue our efforts to improve efficiency, conserve resources and enhance productivity. Stewardship of the taxpayer's dollars is a responsibility we take seriously, and our efforts will continue to get maximum mileage from our allocated resources.

CONCLUSION

This OMA budget reflects our inheritance - not only FY 1983 but the years of underfunding experienced by the Army. This request reflects a blend of critical decisions and prudent risks leading to minimal real growth in the appropriation. While austere in comparison to our requirements, it is sufficient to continue our vital and diverse missions. It reflects our commitment to force modernization, long-term investment, and to the minimum funding necessary for near-term readiness. In this process of competing priorities and inevitable tradeoffs, not all programs could be fully supported. By design we have selectively maintained or reduced programs which are necessary elements supporting the force. A delicate balance has been achieved among the competitors of training, readiness, living and working conditions, sustainability and force modernization. Today, we have highlighted both our achievements and potential weaknesses. In summary:

THIS BUDGET:

- Provides additional National Training Center (NTC) Rotations
- Expands USAREUR Supply Base
- Initiates and starts fill of POMCUS 5 and 6.
- Supports Communications initiatives
- Continues distribution of War Reserve Stocks
- Increases Chemical Demilitarization efforts
- Increases Aviator Production
- Improves and Increases NCO Training
- Expands physical fitness programs
- Provides support for tactical wheeled vehicle upgrade program
- Supports barracks and Food Modernization Program
- Reduces BMAR (overseas)
- Improves USAREUR facilities
- Supports West German Host Nation Support

THIS BUDGET DOES NOT:

- Prevent growth of COSIS unfinanced requirements
- Fully fund depot overhaul and maintenance support activities
- Fully fund training base requirements
- Adequately fund recapture of CHAMPUS workload
- Eliminate bachelor furnishings deficit
- Satisfy industrial base equipment maintenance
- Reduce BMAR in CONUS

The tempo, the drumbeat, of operations cannot be permitted to falter. We are doing everything possible to ensure that all our resources are used wisely. We continue to examine every aspect of our budget to increase productivity and efficiency. We are striving for full value from all resources in order to achieve our critical mission.

Senator HUMPHREY. Thank you, General. You say you know in your gut that O&M will pay the bill on any reductions. Why do you know that? How do you know in your gut that that is so?

General PEIXOTTO. Well, sir, we were over here having a similar discussion last year, and I know that with the help of the SASC and the House Readiness Subcommittees we have received greater strength and support from the Congress in the O&M area than I have ever seen before. But from my charts I showed you, we have no growth in fiscal year 1983, and last year was a good year compared to this year from the way I look at it.

So quite frankly, Peixotto's personal opinion on this, I see that as the issue builds up over here for you Members of the Congress, there are a lot of constituents for these big weapons systems. Everybody knows what the MX and the B-1 and systems like that are. There are not many proponents for the operating accounts.

Another problem we have here is ultimately, when your staff is starting to work the outlay accounts, they find the outlays in O&M. That is the only place you can go to get it unless you are going to cut back force structure. If you cut back the force structure, then you can get some more, but I am not recommending you cut back anything.

I have been in this business about a decade now and I guess I am a pessimist at heart. I have seen us build great 5-year programs and I have seen us bring budgets that are really going to make a lot of progress, and by the time I get it through OSD, and finally through the Congress, we are disappointed.

Senator HUMPHREY. I cannot argue with you.

What was the Army's O&M request to OSD?

General PEIXOTTO. The 1984 request, sir?

Senator HUMPHREY. Yes.

General PEIXOTTO. $18.2 billion.

Senator HUMPHREY. So they reduced you $0.2 billion.

General PEIXOTTO. Yes; actually we did quite well with it within OSD. We have been supported quite well.

Senator HUMPHREY. What percentage is the $17.9 billion of the requirement? Was the $18.2 billion considered to be the Army's O&M requirement, or was that short of the requirement?

General PEIXOTTO. Sir, any time we submit a budget, whether it is from the Army to OSD or OSD to the Congress, it is a constrained requirement. We could have gone over $20 billion in our submit to OSD. But, you know, as a result of the long process of the 5-year planning and so on, you just have to scratch a lot of plans to do things that need to be done.

You know, we would like to work off that BMAR much faster, as I indicated in my statement. Although the statement chart shows a decline, I did say that the decline is not a result of additional money in the budget. It is the plan that, based on the past experience that money will migrate, money will be taken from some other account, and moved into the maintenance and repair account. So there is not even truly enough money budgeted in there to reduce the BMAR.

Senator HUMPHREY. So we are not going to get a reduction in BMAR in 1984?

General PEIXOTTO. Only if we have migration in the O&M area.

Senator **Humphrey**. Who directs this migration?

General **Peixotto**. Well, it happens through the execution process. As you well understand, we put a budget together in the field. The installations and all in the field put that budget together 2 years to 18 months ahead of time. And, just like operating your household budget, there are many changes, and some requirements grow and some drop out. Historically we have identified during the year approximately $50 million. This is where RPMA is determined by the installation commander as a higher priority area to place his money than where it originally was budgeted.

I was about to say it was excess, but in no way is it excess. He just finds that on his installation he had a boiler blow up or some storm damage where he just had to move the money to survive.

Senator **Humphrey**. Well, is it desirable to have this kind of discretion, or should we fence some of these categories?

General **Peixotto**. Sir, I cannot speak out too strongly on leaving all the discretion we possibly can for the manager in the field to adjust funds, that the more we fence money and put additional regulations on him, the tougher it is and the less efficiently we are able to execute this budget.

Senator **Humphrey**. You say that we are $250 million short in cost estimates on O&M for new equipment. This is going to create problems in the near term, is it not? We will have new equipment that is not operational under these circumstances.

General **Peixotto**. It can create some problems, but let me paint the background of this so you fully understand.

In our fiscal year 1982 budget, using the same estimating process, we wound up with a surplus of money that we reprogramed and, as a matter of fact, during reprograming actions the Congress cut some of those funds.

For fiscal year 1983, the year that we are in now, the Congress said that, based on the same estimating process, we had overestimated to the tune, I believe it was, of $156 million, and cut us $156 million. We think you cut us too much.

Right now, the indications are that we may be around $80 million short in this area and, using the same flexibility that we were discussing a minute ago, we may have to adjust some money from some other accounts to make sure we field this equipment, because I think it is in all of our best interests.

This new equipment was bought several years ago with procurement money, and it is now rolling off the production lines and is ready to be delivered to the unit; it has to be a very high priority that we deliver it. So if we are short of money, we are going to have to rob Peter to pay Paul, as you do in any kind of an operating budget, to survive.

Now all this brings us to fiscal year 1984, and I am not particularly comfortable being a quarter of a billion short, but, as I indicated, we are up to $1.7 billion. I believe that our estimating process has proved that it does overestimate to some degree, and that is why we have backed off here.

We know that the congressional staffers are looking at this very carefully. As a matter of fact, the CBO has a two-person team that has been working full time on this issue for a year and a half and they are about to start visiting our posts, camps, and stations to look at it further. But it is a calculated risk and my best estimate now is that as we enter fiscal year 1984 we will be short some money and have to reprogram some money internally to cover this.

Senator **Humphrey**. Well, you are saying that you are questioning a figure that is $250 million short because, historically, you overestimated?

General **Peixotto**. That is correct.

Senator **Humphrey**. Well, why don't you change your method of estimation by deliberately underrequesting? Here you are feeding the critics, one of whose cardinal complaints is that we are not sufficiently planning for the introduction of new weapons systems.

General **Peixotto**. In this case, we are overestimating instead of underestimating. The greatest criticism has been that we overestimate. Quite frankly, when one is starting into the era that we are where we are fielding some 157 systems, we have from a methodology point of view, a very good system. Nobody quarrels with our system.

But it gets down to the factors that are used. How often are we going to have to replace certain things? How often are we going to have to overhaul the engine on a tank and other components? We frankly do not know. So we have for each component an estimated cost factor. Some of our best engineers in the field have participated in this.

So as we get more experience on each item of equipment, the methodology will not change but the factors will, and we will get closer and closer to the right number. But right now the tendency is to overestimate.

Senator **Humphrey**. Well, whatever the background for it, for deliberately underrequesting by $250 million, that is something that is going to catch the eye of the critics and you will not have a chance to explain it in the press, more than likely.

General **Peixotto**. Sir, if I could add to that, if we had the money we would have fully funded it.

Senator **Humphrey**. I know it is difficult. We have got you both ways. We do not give you everything you need and then critize you for not doing what you should be doing.

General **Peixotto**. Well, that is what we get paid for doing.

Senator **Humphrey**. Well, thank you very much, gentlemen, for your patience. I am sorry we kept you waiting so long.

General **Peixotto**. Thank you, sir.

Senator **Humphrey**. I think I will invite General Berkman and General Temple to come to the table at this time.

General Berkman, we have your full testimony and I have read it. It will be a part of the record and I assume you have a reading statement.

STATEMENT OF MAJ. GEN. WILLIAM R. BERKMAN, CHIEF, ARMY RESERVE, DEPARTMENT OF THE ARMY

General **Berkman**. Yes, Mr. Chairman, I have a brief statement, if I may.

Senator **Humphrey**. Yes, will you begin please?

General **Berkman**. Mr. Chairman and members of the subcommittees, I appreciate this opportunity to discuss the Army Reserve.

First, I want to thank you on behalf of all members of the Army Reserve for your past and continuing support. That support is important to the progress achieved by the Army Reserve.

Today's Army Reserve is an essential element of the total Army. It consists of more than 476,000 men and women. approximately 245,000 members of the Army Reserve serve in units that must be capable and ready to perform wartime missions. There are over 7,000 individual mobilization augmentees assigned to Active component organizations or units.

In addition, over 219,000 men and women in the Individual and Ready Reserve are the pool of pretrained soldiers necessary in the event of mobilization as fillers, replacements, and unit cadre for all components of the total Army.

The Army Reserve's unit structure is neither a mirror image of the Active component nor of the other Reserve component of the Army National Guard and the Reserve units support the Active component as well as the Reserve component structure.

Army Reserve units constitute 32 percent of the Army's tactical support, 26 percent of the general support increment, and 15 percent of the Army's nondivisional combat and special theater force increment. Army Reserve units are included in the high priority Army assets identified for deployment in NATO and Korea.

The Army Reserve also contributes units as part of the Army's portion of the Central Command, that organization which is involved from the Rapid Deployment Joint Task Force. Army Reserve units have early deploying and employing schedules. Approximately 20 percent of the deployable units would be committed within 30 days of mobilization. Sixty percent would deploy within 30 and 60 days of mobilization, and practically all will deploy within 90 days of mobilization.

Even though Army Reserve troop program unit strength has increased steadily since 1978, it is still approximately 12,000 personnel short of authorized strength and about 50,000 short of wartime requirements.

The fiscal year 1984 budget reflects the Army's decision to control program costs and hold the end strength of the two program units virtually at the fiscal year 1983 level. The 1984 budget, however, will increase by approximately 2,500 full-time personnel in the Army Reserve supporting the Army Reserve programs.

Historically, the Army Reserve has had the lowest percentage of full-time unit personnel of all service Reserve components. This deficiency is being addressed by increasing the number of full-time units that support military personnel assigned to Army Reserve units. The percentage of full-time personnel compared to the total number of troop program units is projected to be about 6 percent at the conclusion of fiscal year 1984.

The fiscal year 1984 operation and maintenance Army Reserve budget is $662.8 million. This represents a 6-percent decrease from the fiscal year 1983 level. In terms of constant dollars, the fiscal year 1984 request is 8.7 percent below the 1983 funding level.

Equipment is an important factor in the readiness equation. Army Reserve units in peacetime must have, at a minimum, the essential level of equipment needed for training during weekend assemblies and during annual training. In addition, force readiness requires assurance that, in the event of mobilization, sufficient and appropriate equipment be available for distribution to mobilized Army Reserve units in time to meet deployment schedules and perform their wartime missions.

The Army Reserve has on hand by dollar value approximately 63 percent of its authorized equipment and only 34 percent of its wartime requirements. During fiscal years 1982 and 1983 funding for supplies and equipment were increased substantially as a result of both Department of Army and congressional initiatives.

This increase in funding produced substantial improvement in the stock funding, clothing and equipment status. The fiscal year 1982 and 1983 resources are being applied to clothing and equipment for units in accordance with deploying schedules and priorites. The impact of only $67.8 million supply and equipment increase reflected in the fiscal year 1984 budget is less severe than it would otherwise have been the case without those special funding increases provided in 1982 and 1983.

Training is another essential factor in the readiness equation and one of the most important responsibilities of the Army Reserve leadership. The Capstone program is an important initiative with great potential for improving Army Reserve training. This program alines Reserve component units based on the Army's worldwide wartime requirements and permits Reserve units to focus training on wartime missions and to plan in peacetime with the organizations they would deploy with and fight with in wartime.

Participation in total Army exercises constitutes some of the most important training activities. In fiscal year 1982–83 Army Reserve units were included in Reforger exercise, Logex, Gallant Eagle, and other joint readiness exercises along with the Active Army and other services.

Overseas deployment is also valuable in providing realistic training and testing mobilization plans. In fiscal year 1983, elements of 206 Army Reserve units are participating in such training and in fiscal year 1984 the budget supports participation by elements of 231 units.

The Individual Ready Reserve is also an essential part of the Army Reserve and there is a continuing need to insure that members of the Individual Ready Reserve receive the mobilization and training required for their professional military development and to reinforce previously acquired skills.

The Army Reserve is proud of the accomplishments made during fiscal year 1982. The 1984 budget request of $2.1 billion builds upon these accomplishments by further improving the ability of the Army Reserve to organize, man, equip, train, and mobilize in support of the Army's global strategy of deterrence and, if deterrence fails, to be able to meet any enemy in any environment.

Mr. Chairman, that concludes my statement.

[The prepared statement of General Berkman follows:]

PREPARED STATEMENT BY MAJ. GEN. WILLIAM R. BERKMAN, CHIEF, ARMY RESERVE, DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee,

I appreciate this opportunity to discuss the Army Reserve. I also want to thank you on behalf of all the members of the Army Reserve for your past support. That support has been important to the progress achieved by the Army Reserve.

INTRODUCTION

Today the Army Reserve consists of more than 476,000 men and women. It is an essential element of the Total Army, the other components of which are the Active Army, the Army National Guard, and the Army's civilian employees.

Over 256,000 members of Army Reserve are in the Selected Reserve. Approximately 245,000 serve in units and more than 7,000 as individual mobilization augmentees to Active Component organizations. In addition more than 219,000 men and women serve as members of the Individual Ready Reserve (IRR). Members of the IRR are not currently assigned to specific units. They have been preassigned to specific mobilization stations where they would be further assigned in the event of mobilization as fillers, replacements and cadre for new units.

The majority of Army Reserve units are combat support, combat service support and general support units, although the Army Reserve also includes significant combat forces. Together with units of the other components these organizations comprise a Total Army: a Total Army which is balanced, structured and organized to perform its peacetime mission in the national strategy of deterrence and, should deterrence fail, to perform its wartime missions.

Examples of the contribution of the Army Reserve to the Total Army force structure are displayed in Figure 1.

FIGURE 1

Examples of US Army Reserve Units as a Percent of the Total Army Unit Structure (FY 83)*

Type Unit	% of Army Structure
Training Division	100
Training Brigades	100
Military Intelligence (Strategic Research and Analysis)	100
Civil Preparedness Support Detachments	100
Army Reserve Schools	100
Manuever Area Commands	100
Manuever Training Command	100
Railway Units	100
Judge Advocate General Detachments	98
Civil Affairs Units	97
Psychological Operations Units	89
Smoke Generator Companies	86
Quartermaster Petroleum, Oil and Lubricant Supply Companies	72
Quartermaster Petroleum, Oil and Lubricant Operating Companies	63
Army Hospitals	62
Terminal Service/Transfer Companies	61
Services and Supply Capability	58
Conventional Ammunition Companies	51
Chemical Decontamination Companies/ Detachments	47
Watercraft Units	45
Pathfinder Units	43
Army Medical Units (Other)**	40
Combat Support Aviation Companies	38
Engineer Water Supply, Well Drilling, Purification Units	35
Major Logistical Units***	31
Truck Companies	30
Non-Divisional Bridge Companies	28
Combat Engineer Battalions	26
Special Forces Groups	25
Maintenance Companies (Direct Support, General Support, Non-Divisional)	22
Separate Combat Brigades	11
Field Artillery Brigades, Headquarters Detachments	9
Field Artillery Battalions**	9
Infantry Battalions**	7
Mechanized Infantry Battalions**	2
Armor Battalions**	2

* Current Structure as of February 1983

** Includes Organic and Separate Elements

*** Theater Army Area Command/Corps Support Command Headquarters Company and Material Management Center

As these figures make clear, the units of the Army Reserve are not "forces in reserve." Quite the contrary. Today's Army Reserve is the very basis upon which the Total Army must rely if it is to accomplish its mission. As the effectiveness of today's weapons systems increases, so too does the importance of the Army Reserve's ability to augment, maintain and sustain our forces in combat.

Service in the Reserve Components has long been a cherished and honored part of the American citizen-soldier tradition. This year, 1983, we celebrate the 75th anniversary of the Army Reserve as a federal reserve force. The men and women of the Army Reserve who spend their weekends at scheduled drills, attend Annual Training and freely give additional time for the extra administrative planning sessions required to get the most out of those scheduled drills, are working hard to achieve readiness goals. By their service they contribute to our nation's freedom. The full dimension of their contributions includes time away from their families, their friends, businesses, and recreational opportunities. The contributions of individual reservists make the Army Reserve the cost effective force it is. I will review with you the progress of the Army Reserve during the past year and outline plans for the future.

ORGANIZATION

The organization of the Total Army can be analyzed by increments: the division increment, the non-divisional combat increment, including a special theater force increment, and the general support increment. The number and types of units in the Total Army are determined by the requirements for a balanced 24-division force including necessary support. The units of that force are provided by the Active and Reserve Components.

Army Reserve units constitute 32 percent of the Army's tactical support increment, 26 percent of general support force increment and 15 percent of the Army's non-divisional combat and special theater force increment (Figures 2 and 3).

FIGURE 2

USAR CONTRIBUTION TO TOTAL ARMY

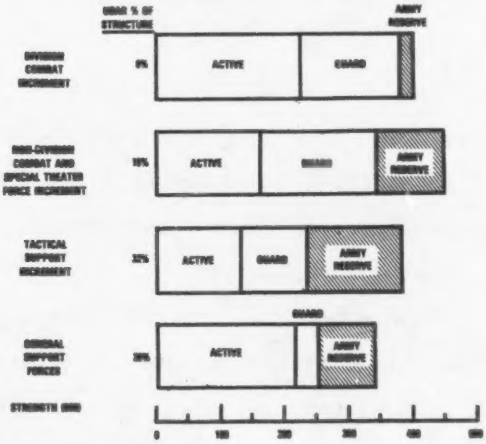
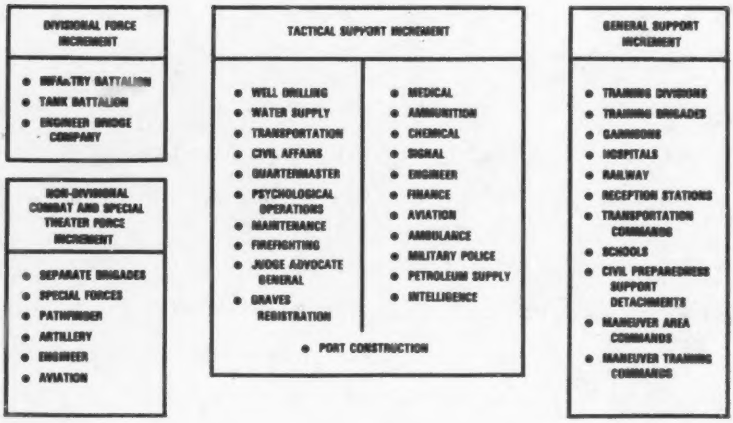


FIGURE 3

TYPE US ARMY RESERVE UNITS


DIVISIONAL FORCE INCREMENT
INFANTRY BATTALION
TANK BATTALION
ENGINEER BRIDGE COMPANY
NON-DIVISIONAL COMBAT AND SPECIAL THEATER FORCE INCREMENT
SEPARATE BRIGADES
SPECIAL FORCES
PATHFINDER
ARTILLERY
ENGINEER
AVIATION
TACTICAL SUPPORT INCREMENT
WELL DRILLING
WATER SUPPLY
TRANSPORTATION
CIVIL AFFAIRS
QUARTERMASTER
PSYCHOLOGICAL OPERATIONS
MAINTENANCE
FIREFIGHTING
JUDGE ADVOCATE GENERAL
GRAVES REGISTRATION
MEDICAL
AMMUNITION
CHEMICAL
SIGNAL
ENGINEER
FINANCE
AVIATION
AMBULANCE
MILITARY POLICE
PETROLEUM SUPPLY
INTELLIGENCE
PORT CONSTRUCTION
GENERAL SUPPORT INCREMENT
TRAINING DIVISIONS
TRAINING BRIGADES
GARRISONS
HOSPITALS
RAILWAY
RECEPTION STATIONS
TRANSPORTATION COMMANDS
SCHOOLS
CIVIL PREPAREDNESS SUPPORT DETACHMENTS
MANEUVER AREA COMMANDS
MANEUVER TRAINING COMMANDS

Army Reserve units are identified for employment to NATO and Korea as well as providing critically needed base operations and training support in the continental U.S., Hawaii and Puerto Rico to assist and train units and individuals for deployment overseas. The Army Reserve also contributes several high priority units to support the mission of the Army's portion of the Central Command which has evolved from the Rapid Deployment Joint Task Force. These units include quatermaster, petroleum, supply, transportation, medical, engineer, ordnance and civil affairs units.

The Army Reserve unit structure is neither a mirror image of the Active Component nor of the other Reserve Component, the Army National Guard. Army Reserve units provide support across the entire spectrum of the Total Army, including the Active Army, the Army National Guard, and the Army Reserve. Consequently, Army Reserve units have early deploying and employing schedules. Approximately one-fifth of the deployable Army Reserve units would be committed within 30 days of mobilization. Some of these must deploy directly from their Reserve center to their ports of embarkation in order to meet their deployment schedules. Sixty-four percent of Army Reserve units will deploy between 30 and 60 days after mobilization, and practically all will deploy within 90 days.

Army plans over the next five year period call for the activation of approximately 235 units in the Army Reserve. The types of units scheduled for activation, are primarily combat support and combat service support and include engineer, medical, quartermaster, transportation and military intelligence. During the same period some units no longer required will be inactivated and/or reorganized to form the basis of the new units.

In FY 84 the Army Reserve will activate one divisional combat electronic warfare intelligence (CEWI) battalion and two separate CEWI group headquarters. These units are tailored to meet the anticipated threat and combat environment. They are essential to enable the commander to see the battlefield and employ his combat forces to the greatest advantage. In FY 85, an additional divisional CEWI battalion is programed for activation. Several Army Reserve hospitals are scheduled to be reorganized in FY 84 to a modernized structure. Two Army Reserve Mobile Army Support Hospitals as well as numerous other combat service support units also are to be activated in FY 84.

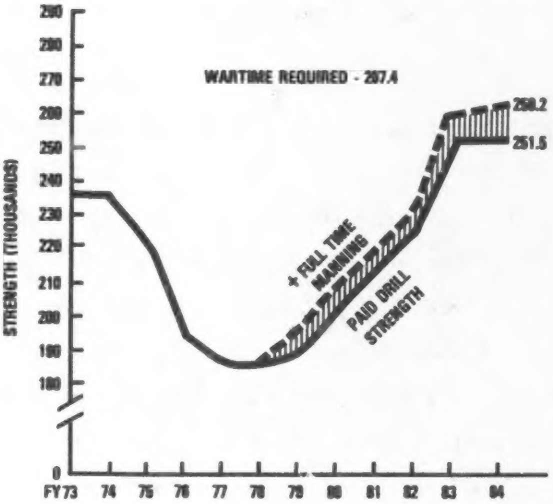
As part of the Army's chemical warfare efforts the budget supports activation of one chemical decontamination company, one smoke generator company and one smoke generator battalion in FY 84. FY 85 Troop Program Guidance further provides for activation of one chemical group headquarters, one additional smoke generator company and one decontamination company.

PERSONNEL

Bringing Army Reserve units up to authorized strength continues to be a matter of high priority. This has been an area of significant success. The personnel strength of the Army Reserve in troop program units reached a low point in 1978 of approximately 181,000. The end strength has steadily increased by over 56,000 since then (Figure 4).

FIGURE 4

ARMY RESERVE TROOP PROGRAM
UNIT END STRENGTH



The FY 82 troop program unit end strength of 246,443 was up about ten percent from the previous year. A four percent growth is budgeted for FY 83. Even though Army Reserve unit strength is showing considerable improvement it's still about 12,500 personnel short of authorized strength and about 50,000 short of wartime requirements.

Success in increasing troop program unit strength is attributable to improved retention and the success of the Army Recruiting Command and Army Reserve units in meeting manpower goals. The FY 84 budget reflects the Army's decision to control program costs. The FY 84 paid drill strength of troop program units will be held to the FY 83 level. In addition recruiting standards and retention criteria are being raised.

Programs supported by Congress have also contributed substantially to the improvement in strength. Monetary incentives were first initiated for higher priority units of the Army Reserve in December 1978. These incentives have had a two-fold effect: an increase in Army Reserve enlisted paid drill strength each year since initiation in FY 79; and the channeling of new members into high priority units and selected skills. These incentives currently include an enlistment bonus of $1,500 or educational assistance of up to $4,000 for qualified high school graduates who enlist in high priority units for six years. In addition to the education assistance program a $2,000 bonus is available for a six-year enlistment in 85 selected skills in any unit. In FY 82, 6,073 soldiers enlisted for the cash bonus and 4,684 soldiers enlisted for the education assistance option. A one-time only conversion either way between the cash bonus and educational assistance is authorized. Only high school diploma graduates who test as Mental Category III or higher are eligible to enlist for these incentives.

Another salutary effect of these incentives is improved retention in units. Over 7,900 bonus-eligible soldiers reenlisted for bonuses in FY 82. In addition to the bonus program, the alternate training program allows an individual to enlist in the Army Reserve and take Basic Training one year, go back to school (high school or college) and return the following year for advanced individual training. Six thousand seven hundred and four individuals participated in the program in FY 82. Approximately 8,000 are expected in FY 83 and FY 84.

In addition an affiliation bonus provides for accession of individuals who have completed their active duty obligation and agree to serve any remaining military service obligation with a Selected Reserve troop program unit.

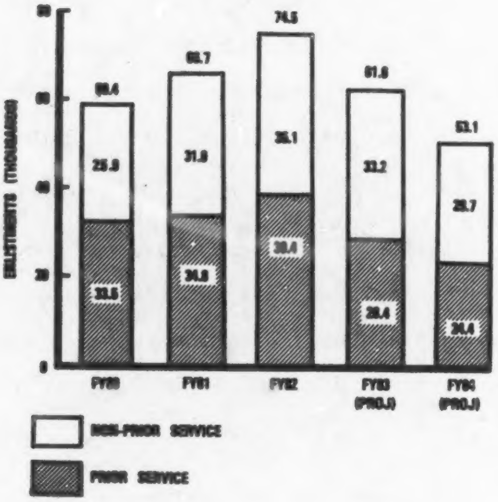
These successful programs for both enlistment and reenlistment have been modified to improve effectiveness

These successful programs for both enlistment and reenlistment have been modified to improve effectiveness in FY 1983 by targeting 1,258 high priority units and 85 military occupational skills.

Figure 5 shows the Army Reserve accessions program from FY 80 to FY 84. The incentives will aid in the achievement of the projections for those years in conjunction with improved quality (increased accessioning of high school diploma graduates and Mental Category III and higher).

FIGURE 5

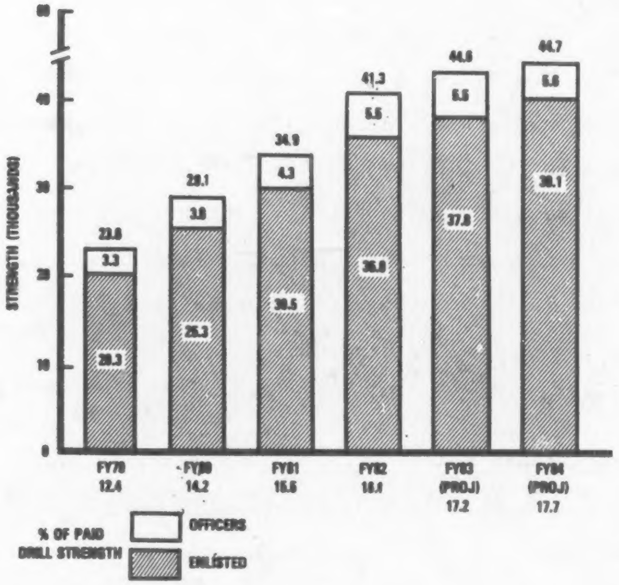
ARMY RESERVE ENLISTMENTS (IN TROOP UNITS)



The women of the Army Reserve are important and valued members who serve in a variety of military occupational specialties. Although women are barred from combat-related specialties, approximately 84 percent of the military occupational specialties in the Army Reserve are available to them. Another way to put it is 306 of the 363 Army MOS's are available to women. Participation by women in Army Reserve units continues to increase as shown in Figure 6.

FIGURE 6

WOMEN IN THE ARMY RESERVE



FIGURES MAY NOT ADD DUE TO ROUNDING

More than 41,000 women are members of Army Reserve units. This represents 16.8 percent of the members of Army Reserve units. The FY 84 projection is 44,700 women reservists which is 17 percent of the force. The long-term programed strength is 51,154 women, comprising about 17 percent of the Army Reserve troop program unit personnel.

With respect to minority members of the Army Reserve, approximately 23 percent of the Selected Reserve is black. Minorities other than black comprise six percent of the force. Of these blacks and other minorities, 22.4 percent are female.

OFFICER ACCESSIONS

The Reserve Officers Training Corps Program (ROTC) is the cornerstone of our officer accessions. As ROTC production increases to the 10,500 level in 1985 some 3,000 officers a year will be assigned to the Army Reserve and will constitute approximately one half of our officer accessions. Other sources which provide officer accessions are the Active Component, Officer Candidate School and direct commissioning.

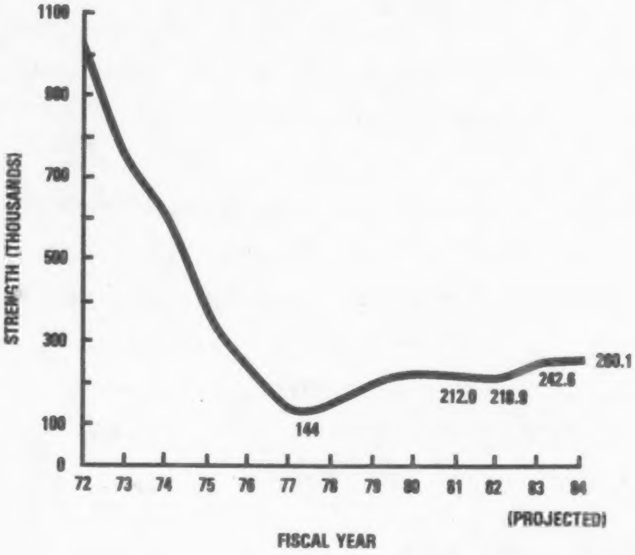
INDIVIDUAL READY RESERVE

Upon mobilization pretrained individual soldiers in the Individual Ready Reserve (IRR) would be used to bring Active and Reserve units from their peacetime to wartime strengths, form new units, and serve as replacements.

The IRR reached a low of 144,000 members in early 1978. By the end of FY 82 (Figure 7) the IRR numbered 218,900.

FIGURE 7

INDIVIDUAL READY RESERVE STRENGTH



The increase was due in part to policy changes which now require all obligated soldiers in the IRR to be retained for the full term of their commitment unless specifically approved for transfer to the Standby Reserve. In the past these individuals were automatically transferred to the Standby Reserve at the completion of only five years of a six year obligation. Another recent policy change now provides that enlisted members of the Army will be assigned to the IRR if they have potential for useful service under conditions of full mobilization rather than being administratively discharged before completion of their six year military obligation. In FY 83 IRR strength increases will result from the legislative extension of the six year service obligation to all enlistees. This includes all females and males over 26 who are transferred to the IRR upon completion of their initial tours of active duty.

In FY 81 an IRR reenlistment bonus was funded. This program provided a bonus of $600 to individuals in selected skills who completed their obligation, had fewer than ten years of total service, and reenlisted for a minimum of three years. Three thousand eight hundred and fifteen individuals reenlisted for the IRR bonus in FY 81. The Congress did not continue this bonus into FY 82.

FY 83 will mark the initiation of a non-prior service direct enlistment program for the Individual Ready Reserve (IRR) which is programed to add more than 3,500 members to the Army Reserve this fiscal year. These enlistees in combat and other selected critical skills will incur a six year service obligation. They will be required to take two week periods of refresher and sustainment training in their third and fifth years of service.

IRR members are preassigned to mobilization stations requiring their specialties. These preassignments are realigned monthly based upon validated mobilization requirements. Personnel management of pretrained individual reservists is also continuing to improve with better tracking and location procedures, more frequent contact, better counseling and faster notification procedures. Although progress has been made in improving the IRR strength and responsiveness, continued attention is needed in order to provide the pretrained manpower required from the IRR on mobilization.

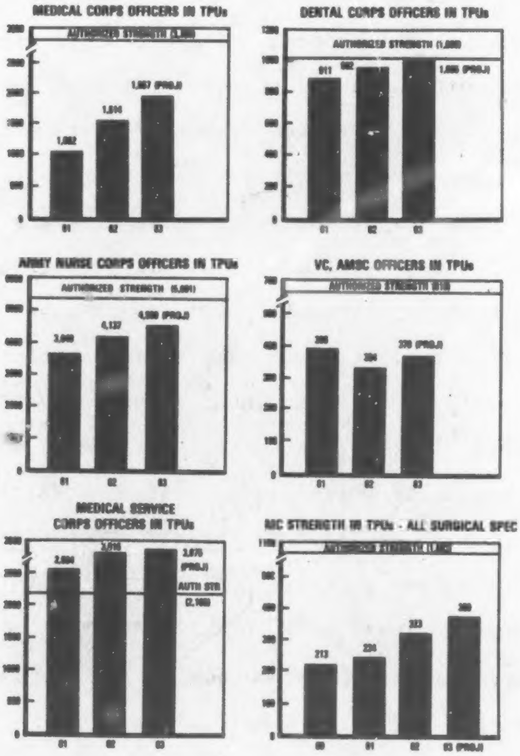
INDIVIDUAL MOBILIZATION AUGMENTEE PROGRAM

Another area of the increased emphasis is the Individual Mobilization Augmentee (IMA) Program. IMA personnel are individual Army reservists who are assigned to Department of Defense, Army agencies and Active Component units and other organizations to serve in critical wartime required positions. They are members of the Selected Reserve and consequently eligible to be included in the 100,000 Presidential call-up authority. Whenever possible, priority is given to selecting members who live within commuting distance of their units of assignment. This enhances their opportunity for year-round inactive duty training for retirement points only. Priority for fill of positions is geared to wartime positions not authorized in peacetime for early deploying Active Component units, and to those base support units which must be expanded quickly to support deployment operations. This program has great potential for improved individual mobilization and Total Army readiness.

RECRUITING ARMY RESERVE HEALTH PROFESSIONALS

Recruiting health professionals for the Army Reserve continues to require emphasis. As a result of current initiatives, Army Medical Department officer strength in the Army Reserve is projected to increase significantly. Nonetheless, Army Reserve troop program units are still short 55 percent of the physicians and 28.5 percent of the nurses needed upon mobilization. While overall physician strength continues to show improvement, critical shortages remain in the surgical specialties (Figure 8).

FIGURE 8



A joint recruiting effort by the Army Surgeon General's Office and the Army Reserve has been in progress since late FY 80. The projected strength figures for FY 83 are based on the demonstrated effectiveness of this recruiting program. This program produced 656 physicians in FY 81 and 550 physicians in FY 82. That recruiting program is projected to produce 450 physicians in FY 83 and annually thereafter for troop program units. Funds are provided in FY 83 and requested in FY 84 for 44 full time recruiters, three staff officers and civilian administrative support personnel.

The FY 83 budget and the FY 84 budget request include funds to upgrade continuing health education opportunities for 5,000 health professionals in the Army Reserve. This program contributes to the recruiting, retention, training and continuous professional credentialing of Army Reserve medical personnel.

FULL TIME SUPPORT

Historically the Army Reserve has had the lowest percentage of full time unit support personnel of all service Reserve Components. This deficiency has impeded the Army Reserve's capability to achieve readiness improvements; the full time support program is designed to remedy this deficiency.

Full time support is provided by three categories of individuals: the Active Guard and Reserve (AGR) soldier, the Active Component soldier and the civilian technician.

AGR personnel are on active duty in full time support of the Army Reserve. They provide either full time unit or staff support. Full time unit support personnel are on duty with Army Reserve units. Staff support personnel are assigned within the command and control structure as well as in other assignments including recruiting and retention where Army Reserve expertise is required. The staff support personnel end strength for FY 83 is 3,024.

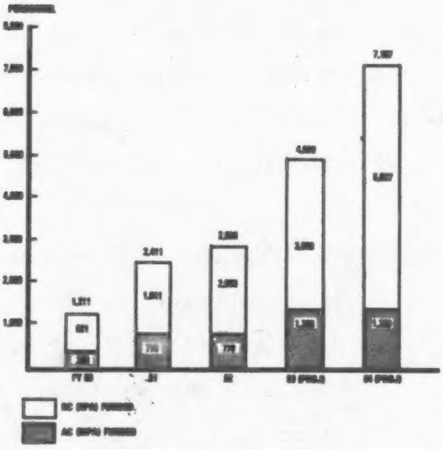
AGR personnel in unit support fall into two categories: the Technician Conversion Program and the Full Time Manning Program. These soldiers are full time specialists in functional areas such as training, logistics, maintenance and administration.

The conversion of civilian technicans produced 1,639 AGR personnel on active duty with Army Reserve units in FY 82.

Full time manning is scheduled to increase to 4,908 by the end of FY 83 (Figure 9).

FIGURE 9

US ARMY RESERVE
FULL TIME MANNING PERSONNEL



This number includes 3,588 AGR personnel and 1,320 Active Component personnel. The Active Component personnel bring to Reserve units current experience based on their duty with similar type Active Units. The spaces identified for full time manning reflect unit requirements and unique unit missions. The Full Time Manning Program will pay increasingly significant dividends by enhancing unit readiness in a number of areas: improved training management, training, mobilization planning maintenance, logistics and administration.

Civilian technicans are an integral part of the full time support program. The Congress established a floor of 6,753 of these technicians for FY 83. The FY 83 budget reflects increases in AGR personnel to a total end strength of 8,251.

A career management program for AGR personnel has been developed to attract and retain qualified personnel. It provides for competitive entry criteria, rotational assignments and selective retention provisions similar to the Active Component.

DRILL ATTENDANCE REPORTING AND RESERVE PAY MANAGEMENT

Last year the Army Reserve was examining two significant changes to the Joint Uniform Military Pay System-Reserve Components (JUMPS-RC). The Drill Attendance Reporting Test (DART) and the Consolidated Army System for Processing Entitlements to Reservists (CASPER).

After initial field tests of the concept, the decision has been made to continue and field DART as a positive means of recording drill attendance and to assimilate CASPER into a system being developed by the Assistant Comptroller of the Army for Finance and Accounting. This system will be called JACS-RC (JUMPS-Army Coding System-Reserve Component).

The concept of JACS-RC allows for input to be entered through a micro-computer terminal located at the unit. The activity will include all drill attendance data, other types of training performed for which pay and travel entitlements have accrued, certain types of pay-unique transactions and other kinds of inquiries. The information input by the unit would be transmitted to a controlling installation, electronically received, automatically controlled, edited and transmitted to the US Army Finance and Accounting Center (USAFAC). At USAFAC the redesigned military pay system will compute and pass disbursing data to the accounting records while making all disbursements for all types of duty. This system will also provide management information to the Army Reserve personnel system.

These efforts will permit more accurate management of Army Reserve appropriations and ensure accurate and timely pay of Army Reserve personnel.

EQUIPMENT

Equipment is a primary factor in the readiness equation. In peactime Army Reserve units must have as a minimum, that level of equipment with which to train. Upon mobilization, sufficient equipment and systems must be made available to Army Reserve units in time to meet deployment schedules and perform wartime missions. Increased funding in FY 82 and FY 83 has produced substantial improvement in stock fund clothing and equipment status. These resources have been used to clothe and equip the earlier deploying units and then later deploying units. Early deploying forces will have the procurable clothing and equipment by the end of FY 83. Shortages of stock funded items still exist. However, the overall impact on unit readiness is much less severe than it would have been without the FY 82 and 83 funding support.

Army Reserve shortages of major pieces of equipment remain significant. This equipment is not funded in Army Reserve appropriations, but is procured and provided by various Active Component procurement appropriations. The Army Reserve has on hand (by dollar value) 63 percent of its peacetime authorized equipment. Measured against wartime requirements that percentage is smaller. These shortages are reported in the unit readiness status reports. Our equipment shortages are not only tanks or infantry fighting vehicles, but also include critical support equipment items such as trucks, forklifts, test equipment and maintenance shop sets that are vital to the support and sustainment of the Total Army.

As noted the Army Reserve is dependent upon Total Army procurement for providing new equipment or reissuing displaced equipment to the Army Reserve. Congressionally dedicated funds provided for Army Reserve equipment in FY 81, 82 and 83 have been distributed to fill equipment shortages in high priority units such as those designated for the Central Command and early deploying units. The special $15 million appropriation received in FY 83 will also be used to purchase significant quantities of mission-essential combat service support equipment for our high priority early deploying units. Among the items purchased will be automated data processing equipment, trucks, radios, avionics, power plants and various mobile maintenance and shop facilities. However, significant shortages remain which impact on our readiness. The Army Reserve is currently short $4.5 billion worth of its wartime equipment authorization and $1.6 billion worth of equipment from its current peacetime authorization.

Total Army equipping includes the Army Reserve. It is vitally important that the Reserve Component forces are appropriately equipped in order to be able to perform their missions with and in support of the Active Component. In some cases, this will require a new generation of equipment, while in other cases, it will involve equipment displaced from the Active Component. There is considerable concern over the age and condition of Army Reserve equipment and especially fixed wing aircraft. Dependable aircraft comparable to those used by the Army National Guard and Active Component are needed. Fielding Active and Reserve forces with incompatible equipment systems compounds the support mission problems for the Total Army. Incompatible equipment systems require additional repair parts and related equipment to sustain the fighting forces needed to meet contingency plans. Such duplication seriously hinders our support capability.
An example of Total Army equipping is the concurrent fielding

plan for the new Decentralized Automated Service Support System (DAS3), a mobile data processing system which will provide automated support for logistics, personnel, medical, transportation, munitions, and port applications. Continued attention must be given to the equipment requirements of the Army Reserve to provide the support upon which the Total Army relies.

FACILITIES

There are 1,042 Army Reserve centers and 253 maintenance facilities owned or leased for the Army Reserve. These facilities are where Army reservists conduct much of their inactive duty training and maintain their equipment. Only 45 percent of the existing facilities are considered adequate. There are long range military construction plans that provide for replacement of inadequate facilities, expansion of existing facilities to meet space requirements and replacement by government-owned facilities of those leased or donated buildings which are either inefficient to maintain or not adequate to meet mission needs. During FY 83 five replacement centers, four maintenance facilities, improvements to two field training sites and the modernization and expansion of five existing centers will be constructed.

The budget request for FY 84 will permit the construction of seven new replacement centers and one maintenance facility and the modernization and expansion of ten existing centers. (Figure 10)

FIGURE 10

ARMY RESERVE MILITARY CONSTRUCTION PROGRAM

FY 83 PROGRAM

New Centers
- Redstone Arsenal, Alabama
- Dublin, Georgia
- Chicago (Arlington Heights) Illinois
- Kittaning, Pennsylvania
- Richmond, Indiana

Maintenance/Storage Facilities
- Greenwood, Mississippi
- Helena, Montana
- Grand Prairie, Texas
- Fort Douglas, Utah

Field Training Sites
- Tooele Army Depot, Utah
- Fort McCoy, Wisconsin

Expansion/Alteration of Existing Centers
- Santa Barbara, California
- New Orleans (Fleming) Louisiana
- Detroit (Stroh) Michigan
- Stillwater, Oklahoma
- Fort Devens, Massachusetts

FY 1984 PROGRAM

New Centers
- Amityville, New York
- Birmingham, Alabama
- Corpus Christi, Texas
- Cullman, Alabama
- Crafton, West Virginia
- Greenville, Mississippi
- Lock Haven, Pennsylvania

Maintenance/Storage Facilities
- Ft Drum, New York

Expansion/Alteration of Existing Centers
- Appleton, Wisconsin
- Bloomington, Indiana
- Butte, Montana
- Ft DeRussy, Hawaii
- Jackson, Mississippi
- Oklahoma City, Oklahoma
- Omaha, Nebraska
- Rutland, Vermont
- Traverse City, Michigan
- Waycross, California

TRAINING THE FORCE Training is another essential factor in the readiness equation. Training is also one of the most important responsibilities of the Army Reserve leader. Effective, realistic and mission-oriented training produces units capable of performing their wartime missions. It also results in individual satisfaction leading to improved retention.

To assist leaders at all levels more effective methods of unit training such as the Battalion Training Management System (BTMS) and the Army Training and Evaluation Program (ARTEP) have been developed. BTMS is designed to train the trainers and is related directly to wartime demands. It is founded on the premise that successful training programs begin with good planning. It prepares unit leaders through training workshops to plan and manage unit training assemblies more effectively. Essentially, BTMS is a step-by-step common sense approach to accomplishing the planning, preparation, conduct and evaluation of all training that takes place in the unit. BTMS has been introduced to all Army Reserve units. The ARTEP gives training managers a means for tailoring a training program to the specific requirements of the unit while assisting unit commanders with diagnostic evaluations of training. BTMS and the ARTEP are proving highly effective in the Army Reserve.

Time is also a critical resource in Army Reserve training since unit training generally takes place only one weekend a month and for two weeks during the summer. Critical training time is often lost if equipment must be shared by two or more units. More training devices and simulators are needed to offset ammunition, fuel, and travel constraints and to increase the efficiency and realism of available training space and ranges.

Travel in the Army Reserve is an essential and integral element in training. Travel to training sites away from the home Reserve center is necessary for units to receive training not otherwise available. For the IRR all active duty training requires travel to and from the training site. If an IRR member cannot travel his training is constrained. Consequently adequate travel funds must be provided. Travel restrictions imposed in the past have had an adverse impact on training and readiness. In the past last minute changes due to the restriction have impacted adversely on both inactive duty training as well as annual training. Only three years ago, over 150 Army Reserve units (10,000 personnel) scheduled to conduct realistic hands-on training at selected sites during annual training were prevented from doing so because of travel restrictions. The effect of travel restrictions on Army Reserve training goes far beyond simple travel limitation.

Coordination of training for reservists who will be required to operate or maintain new or displaced equipment must be improved and accelerated. The Army Reserve does not have the Bradley Fighting Vehicle or the new M-1 Abrams Tank nor are there training devices in sufficient quantities on which to train reservists. Yet upon mobilization some Army Reserve units will be required to maintain both the Bradley and the M-1 tank.

The CAPSTONE Program is an initiative with the potential to significantly improve Army Reserve training. This program aligns Reserve Component units based on the Army's world-wide wartime requirements. It permits the development of a systematic, integrated program whereby Active Component and Reserve Component units train and plan in peacetime with the commands they will deploy and fight with in wartime. The CAPSTONE Program has focused training on wartime missions, heightened interest, aided retention and has markedly improved Reserve Component readiness through realistic, on-site operational training and experience.

Army Reserve units and cells participate in various major joint training and readiness exercises side-by-side with their Active Component counterparts. This training constitutes some of the most effective mission-oriented training in which an Army Reserve unit can be engaged. In FY 82-83 Army Reserve units were included in REFORGER, LOGEX, GALLANT EAGLE, and other joint readiness exercises along with the Active Army and other Services. REFORGER provides for Army Reserve unit participation in a major joint exericse which deploys troops to Europe. This is an opportunity for Army Reserve units to deploy and train with Active Component units in a NATO scenario. LOGEX is a Headquarters, Department of the Army-sponsored, Joint Chiefs of Staff-coordinated, free-play command post exercise. Emphasis is placed on the operation of logistics headquarters and subordinate units that support tactical operations. Army Reserve participants are trained in combat, combat support and combat service support command and staff problems and become familiar with the Army Reserve's functions among the military services operating as an armed forces team. GALLANT EAGLE is a JCS-coordinated exercise which provides for simulated combat operations in a desert environment at the National Training Center, Ft Irwin, California. Army Reserve units are programmed to continue their participation in this joint exercise.

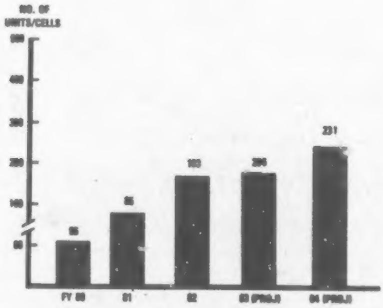
These training exercises include tactical deployment to overseas locations in some cases and afford Army Reserve units realistic training in performing their wartime mission. Additionally, they provide opportunities for Army Reserve units to test their mobilization plans under realistic conditions. Of the 53 Reserve Component units scheduled to participate in GALLANT EAGLE 83, more than 37 were Army

Reserve units. Such training activities will be expanded in FY 84.

Overseas deployment training is especially valuable in improving unit readiness and testing mobilization plans. It allows Reserve units to actually deploy and perform missions expected of them in wartime. Through this program, Active and Army Reserve units train together in their wartime chain of command. As a result, the Army Reserve commander is better able to tailor a mission-oriented, year-round training program. In FY 83 elements of 206 Army Reserve units will participate in deployment training. In FY 84 the budget supports participation by elements of 231 units in this critical training. It is expected that this will be expanded so that one-third of the Army Reserve's high priority units participate in deployment training every year. (Figure 11)

FIGURE 11

US ARMY RESERVE
OVERSEAS DEPLOYMENT TRAINING



The Affiliation Program with a peacetime orientation continues as a funded and directed program to improve the readiness of selected Army Reserve high priority combat and combat support units earmarked to support NATO. Affiliation of Army Reserve and Active Component units permits command and staff interaction between Army Reserve units and Active Component Mobile Training Teams, staging of joint Active and Army Reserve command and training exercises and Army Reserve use of Active equipment and facilities for training.

VARIABLE TRAINING PROGRAMS

The initial active duty training (IADT) for non-prior service reservists as required by Title 10, U.S.C. consists of instruction in common soldier tasks and basic technical skills. Although training is conducted by Active Component personnel, the reservists' pay, allowances, subsistence, travel and clothing for that period are paid from the Reserve appropriation.

A variety of training options is being offered to make the Army Reserve program more attractive for non-prior service enlistees. Most Army reservists choose the standard training program in which basic training is immediately followed by advanced individual training. Depending on the skill, they may be able to take advantage of one-station-unit-training which enables soldiers to complete training sooner through a common program of instruction which includes basic and advanced skills. The alternate training program, first initiated in June 1978, is unique to the Reserve Components. It was designed especially for high school and college students and seasonal workers so that they can enlist and receive basic training, go back to their school or employment, join an Army Reserve unit and then return within one year for advanced training. This has been a very successful program. It is estimated that approximately 30 percent of new enlistees will select this option. Due to the flexibility provided by these programs and the addition of a skills enlistment bonus authorized for split-training, we expect to attract an even greater number of participants.

There is also a special Reserve training program option for individuals with civilian skills that have a military equivalent - the Civilian Acquired Skills Program (CASP). This program allows advanced grade on entry into the Army Reserve and the opportunity for accelerated promotion. Over the past three years, 13 percent of new enlistees have selected this program. All recruits enlisting under CASP Program are required to complete full basic training. Increased reliance upon women requires that women entering the Army also receive the same soldier skill training as males, including weapons and tactical training to be able to properly defend themselves and their units.

TRAINING OF INDIVIDUAL READY RESERVISTS

The Individual Ready Reserve (IRR) is an essential part of the Army Reserve. For members of the IRR training means a combination of field training with Active Component units (counterpart training), attendance at Army service or U. S. Army Reserve schools, or courses of non-resident (correspondence) instruction. There is a continuing need to ensure that members of the Individual Ready Reserve receive the training required for their career development and to reinforce previously acquired skills. While FY 83 funding levels for IRR training have increased substantially, they are still inadequate to support all active duty training for IRR members who are available and require training. A concerted effort is being made to provide the necessary funding levels to enhance the mobilization preparedness of the IRR.

MOBILIZATION

Readiness requires workable mobilization plans. Upon mobilization, Army Reserve units geographically dispersed throughout the United States, Alaska, Puerto Rico and Hawaii would assemble and report to their mobilization stations, receive some augmentation of personnel and equipment, complete validation training and move to air/sea ports to embarkation. As a consequence of the lessons learned and actions resulting from the MOBEX series of exercises, the Army Reserve mobilization capability has improved. Mobilization planning is being accomplished in a more effective manner as a result of an increased number of full time Army Reserve mobilization planners at a variety of headquaters and installations. Mobilization planning in Army Reserve units is receiving increased emphasis and being enhanced by the presence of additional full time manning personnel.

Also, many studies and exercises have confirmed that automated systems resources in the Army Reserve are inadequate to support pre-mobilization planning, mobilization execution and deployment. Improvements have been made in this area but it is essential that the Army Reserve continue upgrading its automation technology to ensure the fielding of combat ready forces.

Several continuing automation initiatives highlight these improvements. The first of these is the Continental Army Management Information System (CAMIS). CAMIS will improve the timeliness and accuracy of Army Reserve personnel, training and equipment data essential for managing readiness and execution of mobilization plans. Demonstration modules of CAMIS were successfully tested during MOBEX 83 (November 82). CAMIS as a total system is scheduled to be operational in FY 85-86. The second initiative involves the distribution of state-of-the art tactical automated data processing equipment to Army Reserve units so they will be able to perform their wartime support missions. In FY 82 Reserve units received two of the Army's new Decentralized Automated

Service Support Systems (DAS3), and the FY 83 budget funds an additional 25 of the total requirement of 119 DAS3s. Significantly, this new equipment is being produced and distributed to Reserve and Active units alike based on unit deployment priorities. Also, two mobile computers are being procured for Army Reserve units that are part of the Interim Theater ADP Service Centers (ITASC). All these initiatives are designed to fulfull Army Reserve automated systems requirements.

CONCLUSION

The Army Reserve is proud of accomplishments made in FY 82. Strength of the troop program units has continued to grow as the result of effective retention and successful recruiting. The monetary incentives have contributed to this growth. An essential ingredient is also the dedicated leadership of officers and noncommissioned officers throughout the entire Army Reserve chain of command whose efforts to improve training and readiness are essential for success. Improvements are also underway in the management of the Individual Ready Reserve with particular emphasis upon enlisted personnel. The FY 84 budget request of $2.1 billion builds upon these accomplishments by further improving the ability of the Army Reserve to organize, man, equip, train and mobilize in support of the Army's global strategy of deterrence, and if deterrence fails, to be able to defeat any enemy in any environment.

It is well to recall again the following statement by the Secretary of the Army and the Chief of Staff of the Army regarding the Army's Reserve Components:

"With the adoption of our Total Army policy in the early 1970s and increased global responsibilities, the contributions of the Army National Guard and the Army Reserve have become critical--possibly even decisive--because when mobilized [they] augment, reinforce, support and sustain the active force as well as expand the training and logistics bases. They are a cost-effective means of fulfillng these essential functions, and they are also an important indicator of national resolve."

ANNEX A

BUDGET OVERVIEW

The total obligational authority (TOA) requested for FY 1984 for the Reserve Personnel, Army, Operation and Maintenance, Army Reserve and Military Construction, Army Reserve appropriations is $2,102 million. This is an increase of $108 million over the FY 1983 budget of $1,994 million. Of the total increase, $40 million represents price growth and $68 million real program growth.

The following table displays the FY 1984 request for the Reserve Personnel, Army appropriation by major program and provides for comparison the FY 1982 actual expenses and FY 1983 current estimate.

RESERVE PERSONNEL, ARMY

($000)

	FY 82	FY 83	FY 84
Pay Group A	573,034	635,696	665,733
Pay Group F	133,520	152,971	138,694
Pay Group P	2,671	3,177	2,543
Pay Group D	12,791	14,232	14,424
Total BA 1	722,016	806,076	821,394
Pay Group D	(12,791)	(14,232)	(14,424)
School Training	33,015	35,462	58,768
Special Training	33,442	36,437	45,873
Mobilization Training (IRR)	36,157	52,955	53,212
Administration/Support	175,274	228,640	301,654
ROTC	55,203	72,454	91,044
HPSP	15,621	15,226	14,555
Total BA 2	348,712	441,174	565,106
Grand Total	1,070,728	1,247,250	1,386,500

The FY 1984 Reserve Personnel, Army (RPA) budget request contains $1,081 million to support the USAR Selected Reserve end strength of 272,927, an increase of 4,396 over FY 1983. This includes an increase of 2,413 in full time Reserve support. The FY 1984 RPA budget also contains $158 million which supports an increase of 130,145 man-days for School, Special, and Mobilization Training for unit members and members of the Individual Ready

Reserve. Related to the strength posture is a modest increase in the incentive program of 1,600 participants above FY 1983. Furthermore, the FY 1984 ROTC Program projects an increase of 3,077 new scholarships in the Senior ROTC program and also contains sufficient resources to support 65 new Junior ROTC units. The total request for FY 1984 is $1,387 million.

The following table displays the FY 1984 request for the Operation and Maintenance, Army Reserve appropriation as well as the FY 1982 actual costs and current FY 1983 estimate.

OPERATION AND MAINTENANCE,

ARMY RESERVE

($000)

	FY 1982	FY 1983	FY 1984
Training and Operation of Mission Forces	411	438	386
Depot Maintenance	8	8	9
Base Communications	12	12	15
Base Operations	168	169	176
Recruiting and Advertising	33	40	33
Management Support	34	38	44
Total	666	705	663

The FY 1984 program decrease is a net result of increases for expanded testing of Continental Army Management Information System (CAMIS) (+$2.9 million), automation support due to strength increase and expansion of Individual Ready Reserve (IRR) training programs (+$2.9 million), management fee to Army and Air Force Exchange Service (AAFES) to support anticipated clothing store sales (+$1.3 million), and decreases for stock fund equipment (-$68.7 million), recruiting activities for fewer accessions and lower recruiter cost per accession (-$8.1 million), travel (-$2.6 million), and savings due to Army Reserve management restructure (-$1.9 million).

The budget request for FY 84 will support the construction of seven Reserve Centers and one maintenance facility to replace leased, donated or older buildings which are inadequate for mission needs or inefficient to maintain. FY 84 funds will also permit the modernization of ten existing centers to meet the needs of the Army Reserve in the years ahead.

The following table displays the FY 1984 request for the Military Construction, Army Reserve appropriation as well as the FY 1982 and FY 1983 appropriations.

MILITARY CONSTRUCTION,

ARMY RESERVE

($000)

	FY 82	FY 83	FY 84
Major Construction	54,903	28,500	40,200
Minor Construction	3,800	4,700	4,600
Planning	6,000	8,600	7,900
Total	64,703	41,800	52,700

Senator **Humphrey**. Thank you, General Berkman.

Have you seen this Defense Week article published today?

General **Berkman**. No, sir. I have heard it referred to, but I have not had the opportunity to read the article.

Senator **Humphrey**. Well, it contends that many of our Reserve and, for that matter, Guard units which are counted on to provide support soon after mobilization are not realistically trained, not acquainted with the systems they will have to repair, and indeed, in many cases, according to the article, do not even know which units they are going to mate up with.

Inasmuch as you have not read it, can you comment on what I have characterized as the thrust of the article?

Gneral **Berkman**. Well, I think in specific cases that represents the reality. I think the effort, the ALARM study that is referred to in the article, which was the initiative of the Office of Deputy Chief of Staff of Logistics, is to be commended in identifying those problems, for indeed the identification of the problems is the first step toward their solution.

Senator **Humphrey**. That is often the last step around here, unfortunately, and I do not mean just in the Department of Defense. We often do not get beyond that stage.

Well, in that regard, have things gotten any better in the last couple of years in the Reserve?

General **Berkman**. Well as I mentioned, the readiness equation, as I have characterized it, is a combination of personnel, equipment, and training. In the personnel, indeed, the Army Reserve troop program unit end strength has been increasing from a low of 186,000 in 1978 to the current strength of approximately 245,000.

So that part of the equation represents progress.

Senator **Humphrey**. Yes.

General **Berkman**. The training, training management, and training activities, I believe, have improved. There is greater participation in joint readiness exercises and overseas deployments. I think we have a long way to go in that area, but nevertheless I think we have been going in the right direction.

The other part of that equation is equipment. I mentioned by dollar value the serious shortages of equipment on hand in Army Reserve units. I think approximately 50 percent of the Army Reserve units reporting lack of readiness identified the equipment on hand status. Now that equipment, both in terms of appropriate equipment and in sufficient equipment to perform that wartime mission, is very important.

But I also mention in my statement that it is the Army's challenge to have a system as well as the equipment available to be distributed to the units in time to meet their deployment schedules and perform their wartime missions, and it may not be necessary for that equipment to be on hand with the unit, with certain exceptions. And the exceptions, I would say, are the high priority early deploying units, such as those that have now been identified as part of the Central Command.

They will not have or are likely not to have sufficient time and should have all of their equipment readily available.

Senator **Humphrey**. I think I will ask General Temple for his statement at this point, since many of the questions I have in mind will be applicable to the Guard as well. So, if you do not mind, why don't we have your statement, General Temple.

STATEMENT OF MAJ. GEN. HERBERT R. TEMPLE, JR., DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

General **Temple**. Mr. Chairman, this is my first appearance before this committee. It is a pleasure to be here to appear before you as the Director of the Army National Guard.

Before I provide an overview of the Army Guard's readiness posture, I would ask that my prepared statement provided to you earlier be included in the record of these proceedings.

Senator **Humphrey**. Yes, it will.

General **Temple**. In discussing the readiness posture of the total Army, I will focus on many of the important issues impacting on Army National Guard readiness. The Chief of the National Guard Bureau and the Director of the Army National Guard are ultimately responsible for the readiness of the Army Guard. We work with the Active component and the Adjutants General of the 50 States, 3 territories, and the District of Columbia to prepare Army Guard units for their possible mobilization and deployment.

The Army Guard is a vital part of the total Army. The Guard contributes 46 percent of the combat power of the total Army. Specifically, the Army National Guard contains 33 percent of the combat divisions, 70 percent of the separate brigades, and 57 percent of the armored cavalry regiments of the total Army.

In fiscal year 1984 we will add an additional division to the eight divisions already part of the Army Guard's structure by formation of a mechanized infantry division through consolidation of existing brigades. Addition of the Roland Battalion in the New Mexico Army National Guard will enhance the air defense capability of the Army National Guard.

Turning next to manning, the Army National Guard force continues to grow as the upward trend in accessions and retention continues. We ended fiscal year 1982 with a total strength of 407,000, with a goal of 421,000 at the end of fiscal year 1984. That will equate to 93 percent of our wartime requirements.

Because of fiscal constraints, the Army National Guard strength has been curtailed in 1983 and 1984. In my opinion, given the resources, we could achieve 100 percent of our peacetime authorization of 434,000 at the end of fiscal year 1984. Current strength represents the highest strength achieved in the Army National Guard since elimination of the draft. Not only are we achieving greater numbers but the quality of our personnel is improving also. In fiscal year 1982, 70.3 percent of our nonprior service accessions had high school diplomas and we have reduced our test category IV accessions to 11.8 percent, both well within Department of Army standards.

Turning to equipping the Army National Guard, we continue to find major shortfalls and problem areas regarding the materiel resources necessary to support our missions. Even with hundreds of millions of dollars of equipment entering our inventory as part of the total Army distribution and the very helpful increase in procurement for the Army Guard provided by Congress in previous years, our shortfall in equipment actually grew from 31 percent of the wartime requirement in 1981 to 35 percent in 1982.

Major equipment shortfalls inhibiting readiness are in air defense, communications, helicopters which can kill tanks, artillery, and medical equipment. Our available equipment represents a significant percentage of the total Army capability. However, much of what we have is old and significantly less capable than that available to the Active component. The fact that this equipment is not always compatible with that found in the gaining commands must be considered in evaluating real materiel readiness of the Army National Guard.

Senator **HUMPHREY**. Pardon me for interrupting. Is that inconsistency considered in evaluating the readiness of the total force?

General **TEMPLE**. Not by the unit status report which is used as a measure, but it is certainly recognized by the leadership in the Army in determining distribution of resources.

Senator **HUMPHREY**. Thank you.

General **TEMPLE**. If I may continue, sir, I want to bring to your attention the enthusiastic efforts of the Army to better equip the Guard. This past year has seen an increase to the value of our inventory of over $500 million, including $271 million for critically needed resources from the Army. Fiscal year 1984 and the program years give evidence of the total force policy at work through consistently increasing acquisitions and redistribution of Army assets to the Army Guard.

NATIONAL GUARD TRAINING PROGRAM

The final readiness area I will address is our training program. The focus on deployment requirements for high priority units continues from past years. Highly successful elements of the training program are being broadened to include additional personnel and units. An example is the key personnel upgrade program which affords Guard personnel limited periods of active duty to practice their skills with Active component units in a tactical environment.

One new area for training initiatives which I am evaluating at present is that of training devices and simulators. We in the Guard have limited time for training and must do as much as possible in or near the communities where our members live. The expanded use of sophisticated devices may be the key to more realistic training without additional time or travel requirements.

Training of our soldiers for mission requirements and survival on the battlefield of the future demands more realistic tactical and combat-oriented training than the Guard has ever conducted before. Our mission is to deploy to the battlefield trained units with little or no time for post-mobilization training. This remains our most vital challenge.

As can be seen from my discussion of our strength, logistics, training and readiness, the Army National Guard is a formidable part of the combat power of the U.S. Army. Increasingly, the Guard is assuming a greater role in the plans for employment of U.S. Forces. The Army National Guard can assume an even greater role but we can sustain the force and its expanded missions only through the full-time support available.

Although the Guard is known best for the part-time soldier, we must be prepared to support missions on a 24-hour-a-day, 365-day-a-year basis. Full-time support is an umbrella term which includes the manpower available to the Guard on a full-time basis. Included are military technicians and active Guard/Reserve personnel. Full-time support personnel contribute significantly to the Guard's improved training, logistical readiness, and soldier support activities which increase the Guard's ability to meet military missions.

Our full-time support requirement, both Active Guard-Reserve and military technicians, presently stands at 53,729. Approval of all Army Guard full-time support personnel in the fiscal year 1984 budget request would provide 41,370 personnel, or 76.9 percent of our actual requirements. Full-time support personnel are vital to readiness improvements and your continued support for this critical area is sorely needed.

In conclusion, I want to thank the Members of Congress for their support of the Guard in the past and solicit continued support. That concludes my statement.

[The prepared statement of General Temple follows:]

Prepared Statement by Maj. Gen. Herbert R. Temple, Jr., Director, Army National Guard, Department of the Army

INTRODUCTION

The Army National Guard (ARNG) is an integral element of our national defense. It is essential not only on mobilization but as a defense force-in-being. The ARNG is involved in all major defense contingency plans, including active participation in the United States Central Command, formerly known as the Rapid Deployment Joint Task Force. Of the 24 combat divisions of the Total Army, 8 are ARNG; of the 16 remaining divisions, 9 are hybrid—requiring units of the Army Guard and Reserve to reach full combat potential. The ARNG contribution includes 46 percent of the combat units and 37 percent of the support forces in the Total Army.

ORGANIZING THE GUARD

The force structure objectives for FY 84 and beyond are stabilization and modernization in consonance with Total Army requirements and resource availability. The reduction of turbulence in ARNG organizational structure and the upgrading of unit personnel and equipment authorizations to more closely parallel structure of the Active Component will improve readiness and unit cohesion. Realignment priority will be based on deployment schedules.

The programmed consolidation of separate brigades into two new ARNG divisions is indicative of the increasing reliance upon the ARNG as a full partner in the Total Force. Commencing in FY 84, a mechanized infantry division will be organized with three existing ARNG brigades as its main ground maneuver elements followed by a light division to be formed starting in FY 85. Combat Support and Combat Service Support elements of the structure for each division will be acquired in subsequent years through a combination of new unit activations and conversions of existing ARNG units. Equipment shortfalls preclude the complete formation of either division in the near term. Every precaution will be taken to ensure that no combat power is lost while the conversion of these units take place.

MANNING THE GUARD

A vigorous program for increasing strength, concurrent with the expansion of ARNG structure, has been conducted building on the strength gains made each year since 1979. FY 82 ended with an ARNG paid strength of 407,601, composed of 40,387 officer and 367,214 enlisted personnel. This level represents 95 percent of the ARNG authorized strength and 91 percent of the wartime requirement. These are not just gains in total strength, but also reflect improvements in the overall quality of the ARNG. The percent of high school graduate accessions rose from 63.7 percent in FY 81 to 70.3 percent this past year while the percent of category IV accessions was reduced from 13.2 percent in FY 81 to 11.8 percent—both well within the Army standards of 65 percent and 25 percent respectively.

Although the current economic environment has had its impact, in great measure, strength increases can be attributed to the return of patriotism, the full-time recruiting and retention force expansion, and the Selected Reserve Incentive Program (SRIP). The incentive program contributes to increasing total strength, filling critical skills and high priority units, and improving quality by attracting greater numbers of high school graduates and category I-III personnel. Further, it improves retention through longer service commitments.

The officer programs have also contributed in both numbers and quality to ARNG strength gains. At present, officer strength is at the highest level attained since WW II. Although state OCS remains the primary source for procurement of officers, the Reserve Officer Training Corps (ROTC) has emerged as an important alternative source. Medical officer specialties have received increased attention. The ARNG has completed fielding its full-time Army Medical Department (AMEDD) recruiting force with a resultant 3 percent increase in physician strength and a total AMEDD strength increase of 5 percent during FY 82. With selected officer medical specialties in many cases at 90 percent of authorization and physicians at only 53 percent, continued special emphasis is being placed on recruiting and retention of physicians and other shortage medical specialties.

The final major element of manning is the ARNG full-time force. Full-time support personnel accomplish the vital day-to-day missions of the ARNG providing personnel, administration, maintenance, logistical, and training operation support. The use of full-time personnel ensures that limited training time for drilling members is used in the most productive manner possible. The requirement for full-time support has increased due to strength gains, increased equipment quantities and complexity, additional force structure, and the increased readiness posture required of Army Guard units. A major portion of the effort in ensuring that the force is ready to deploy is shouldered by the full-time support force. In FY 84 full-time support requirements total 53,729 positions. With fill projected to be 41,695 individuals, the shortfall is approximately 20 percent. This shortfall is down from the 30 percent described last year.

The requirement that technicians serve in jobs compatible with the military position in which they would serve on mobilization is of paramount concern through out the Guard. As of 31 Dec 1982, 93.5 percent of all ARNG technicians had jobs compatible with their mobilization positions. The Congressional mandate was 85 percent compatibility for 1982 and 95 percent compatibility by the end of 1983. Every effort will be made to meet and exceed the FY 83 objective.

Another concern is double slotting when a Guard member serving full-time occupies the same position as a drilling member. An example of this is a full-time training Non-Commissioned Officer (NCO) serving at company level in the same position as the drilling Guard member who is assigned as the training NCO. Direction has been given to each state to eliminate this situation in FY 83.

EQUIPPING AND SUSTAINING THE GUARD

The expansion of the ARNG force and the increases in required equipment and support elements have outpaced funding for logistics improvements. Although FY 82 was the best year the ARNG has enjoyed in terms of logistics funding, statistical readiness improvements are slow in coming. Based on dollar value, the ARNG has 65 percent of its wartime equipment; this represents a $4.7 billion shortfall based on the types of equipment currently in the ARNG inventory. A calculation for equipment required for modernized units would show a much larger shortfall. Today, on hand assets can meet only 65 percent of the wartime requirements compared with 69 percent at the end of FY 81.

Issue of equipment to the ARNG through the normal supply system included new communications equipment procured with FY 78/79 dedicated Congressional funds. In addition, Congress appropriated $50 million for the ARNG in FY 82 for procurement of Armored Vehicle Launched Bridges, 155mm Self-Propelled Howitzers, and Mortar and Command Post Carriers. Other Congressionally directed procurement included funds for tactical data processing equipment, 5-ton cargo trucks, C-12 aircraft, and Cobra helicopters. Additional appropriations within the procurement program of the Total Army provided 200 155mm Towed Howitzers for the Army Guard.

Significant gains were made in equipping ARNG roundout units concurrently with host Active Component (AC) units. Issuance of M60A3 tanks to the 48th Infantry Brigade, roundout to the 24th Infantry Division at Fort Stewart, Georgia, was completed in November 1982, making it the first and only ARNG unit to be equipped with the late model tank. This same unit also received Improved Tow Vehicles (ITV) during FY 82. During FY 83, the 252d Armored Battalion of the North Carolina Army National Guard, roundout to the 2nd Armored Division at Fort Hood, Texas, is scheduled to receive M1 Abrams Tanks and Bradley Fighting Vehicles. These equipment issues are consistent with the Department of Defense policy of equipping units which are first to fight, regardless of component, so as to ensure organizational integrity, maintenance compatibility, single generation supply support, and battlefield interoperability.

An area of major concern is the ARNG Communications Electronics (C-E) equipment status. A detailed study of the C-E capability of the ARNG was completed this past year. It identified problems of interoperability, compatibility, supportability, maintenance and training in battalions and detachments with the old family of multichannel communication systems. Further, there are shortages of the more modern equipment throughout the ARNG. With the C-E equipment programmed for the ARNG through FY 87 and with the procurement of key signal equipment with dedicated procurement funds, the ARNG will be able to decrease the impact of these problems and improve unit readiness. Procurement actions during FY 82 and planned for FY 83 will extend the Decentralized Automated Service Support System (DAS^3), a modern mini-computer, to 48 ARNG non-divisional support units.

In a related area, expansion of commercial communications services for the ARNG will continue during FY 83 and FY 84. Replacement of antiquated and inefficient telephone systems at State Headquarters remains a high priority. Upgrade of telephone systems at ten ARNG locations is planned. In addition, by January 1984, all states will have the capability to pass classified data through secure facilities and communications equipment. In conjunction with FORSCOM, planning has been initiated to provide terminals at each State Area Command (STARC) by FY 86 for access to the World Wide Military Command and Control System (WWMCCS).

The ARNG organizational clothing and equipment program posture has improved but continues as a major problem area. Procurement from the Army Stock Fund is single source for unit support items such as chemical defense equipment (CDE), medical field sets, tool and test sets, fire direction sets, cold weather clothing and equipment (CWCE), and camouflage screens. The adequacy of Stock Fund support is critical to unit mobilization and deployment readiness. Even with additional funding provided in the FY 83 appropriation, ARNG clothing and equipment shortages will total $319.4 million at the end of FY 83. The FY 84 budget indicates a negative program growth in this critical area and the backlog will grow further to over $415 million at the end of FY 84. Problems in this area are compounded by rapid cost growth and the increased sophistication of authorized items of equipment. Of special concern are chemical defense equipment shortfalls which impact on both training and mobilization readiness. The availability of this equipment will improve gradually over the next several fiscal years. Once again, priority of issue will be to early deploying units.

Depot maintenance and repair parts programs for FY 84 are barely adequate. The repair parts program also has a negative program growth reflected in the FY 84 budget. Significant shortfalls will remain due to increasing equipment density and the addition of more types of equipment in the Guard. If the support base and funding keep pace with the expansion of the Guard force and its increasing equipment density, the problem will be substantially solved by FY 89.

A special subset of logistics is the Aviation Logistics Program which has continued to demonstrate its effectiveness by providing an operational readiness rate in excess of the established DA standards. This is especially significant when the variety of different aircraft systems supported by the ARNG maintenance program is considered. While the ARNG is scheduled to receive 171 AH-1 aircraft by the end of FY 84, 69 of these are original AH-1Gs with limited mission capability. A firm requirement exists to upgrade these aircraft and modify them to the AH-1S configuration as resources become available. This action will enhance the combat mission capability of the ARNG in a cost effective manner by reducing the procurement objectives for AH-1S aircraft. Receipt of these modern aircraft demonstrates an initial commitment to providing equipment to the ARNG as capable as that provided Active Component units. Additionally, four UH-60 Blackhawk aircraft will be received in FY 83.

Another sustaining effort is that of providing facilities for use by the Guard. The ARNG operates nearly 4900 facilities consisting of 2806 armories, 1631 logistics and maintenance facilities, 265 training sites, 89 aviation facilities and over 100 other sites and installations ranging in size from a 60-person armory in a small community to large training sites capable of handling five battalions during a single training period. Under the provisions of the United States Code, support for these facilities varies from full Federal funding of training sites to full State funding for operation and maintenance of state owned armories. The Backlog of Maintenance and Repair (BMAR) is a continuing problem, currently valued at approximately $60 million and not projected to reach the congressionally directed containment level of $15.2 million until FY 88. The backlog in construction was valued at $800 million at the end of FY 82 and is expected to grow slightly during FY 83 principally due to increased facilities requirements. Costs have stabilized and in some areas declined slightly, which should result in a slower increase in the construction backlog. Funding for construction during FY 83 and FY 84 will provide approximately 94 new or substantially improved facilities for the ARNG. It is anticipated that authorization will be sought to finance five additional projects from savings accrued from executing the FY 83 construction program.

TRAINING THE GUARD

The ARNG training program responds to the education, training, and training support needs of the growing ARNG force. The training program is key to realizing the full potential of increasing strength and force structure and mission changes. Military education of ARNG personnel provides a means for the individual to acquire new professional skills, enhance existing skills, and to be prepared to accept greater responsibilities in more complex job assignments. In FY 83, military education of the ARNG continued the growth of past years with increased participation by officer and enlisted personnel in Active Army service schools, DOD schools, Army Area schools, USAR schools, and unit schools. Attendance will increase for this type of training in FYs 83 and 84.

The ARNG Undergraduate Pilot Training (UPT) quotas increased from 140 in FY 82 to 224 students in FY 83 and to 250 in FY 85. The Eastern ARNG Aviation Training Site (EAATS) located at Ft Indiantown Gap, Pennsylvania, is now conducting a variety of aviation courses ranging from refresher to graduate pilot training. EAATS is expected to expand in the future to fill the need for aviation training not available at Ft Rucker, Alabama. To enhance pilot tactical training in the States, the U.S. Army Aviation Center (USAAVNC) is now conducting a special Night Hawk/Night Vision Goggles methods of instruction course for ARNG Instructor Pilots (IP). Development of this IP cadre is essential to meet Aircrew Training Program premobilization objectives of a total day and night aviation combat and combat support capability.

Other special education actions include the introduction of the Continuing Medical Education (CME) program in the ARNG. The number of students, doctors, nurses, and professional personnel involved in this program has increased from 11 in FY 78 to 459 in FY 82. Approximately 575 are projected to participate in FY 83. This program is a major contributor to the recruitment and retention of medical personnel.

The National Guard Bureau will continue three courses of instruction recently initiated. The Company Level Pre-command Course (CLPC) (formerly the Unit Size Company Commanders Course); the Teach, Advise, and Counsel (TAC) Officer Training Program; and the Direct Appointment Orientation Course at the National Guard Professional Education Center (PEC) at North Little Rock, Arkansas. The Company Level Pre-command Course is designed to develop managerial and leadership skills and techniques essential to successfully commanding a company-size unit. The TAC Officer Training Program ensures standardization of leadership development at the ARNG State officer candidate schools. The Direct Appointment Orientation Course is for officers and warrant officers who have received a direct appointment in the ARNG and provides a basic orientation on their role in the service and on the concepts underlying the operation of the Army.

In addition to school training, the ARNG has and will continue to expand special training to increase the proficiency and readiness of ARNG units and individuals. Special training scheduled in FY 84 builds on the FY 83 program to include major efforts such as Active Component/Reserve Component Partnership, Affiliation, Joint Training Exercises, Key Personnel Upgrade Program, and CAPSTONE. The training opportunities provided the ARNG in training with AC units in the Partnership and Affiliation Programs have, since their inception in 1974, continued to improve the readiness of ARNG units. The programs provide a "go to war" relationship for ARNG units and their AC counterparts, raise the combat power of the AC, and improve the operational readiness of selected ARNG units. Currently, the ARNG participation in these programs consists of 36 major combat units, 44 separate battalions, and 72 companies and detachments. During FY 84 the Army will continue to expand the number of ARNG units that will participate in these programs.

ARNG participation in Joint Training Exercises (JTX) provides units with training opportunities that are not normally available in the yearly training program. During FY 82, the 40th Infantry Division, California ARNG provided opposing forces for the 82d Airborne Division in Gallant Eagle 82. In FY 83, the ARNG will deploy a complete armor battalion to Europe, where they will draw POMCUS and participate in REFORGER 83. Additionally, a mechanized infantry battalion will deploy with its equipment to Europe and participate in exercise Display Determination 83.

A program specifically addressed by the 97th Congress which provides individual, rather than unit training opportunities, is the Key Personnel Upgrade Program (KPUP). KPUP provides the opportunity for selected ARNG officers and NCOs from high priority and combat units to train with an AC counterpart in tactical environments for the purpose of improving the individual's military skills and the combat readiness of his unit. This program, initiated in FY 81 with 200 personnel, will expand to train approximately 9,500 personnel in FY 83. Programming actions include $10.8 million for KPUP in FY 84 as well as funding for headquarters staff training and travel funds for environmental training and 3-week annual training for participation in joint readiness exercises. These training initiatives will provide additional training time for high priority units.

The Department of the Army has developed procedures which officially establish a direct link between all Army units and their wartime chain of command. This initiative, the Army CAPSTONE program, is designed to improve wartime planning and preparation through the organization and training of forces designed to meet a particular contingency mission. Under CAPSTONE, the wartime chain of command and probable wartime mission and area of deployment are designated for each unit. This realistic deployment training is the most effective way to fully expose Guard units to their NATO mission during a 2-week training period. The objective of providing Guard soldiers realistic, mission-oriented training, performed in the geographic area of probable employment with AC units, is achieved. Further, the success attained by ARNG units in responding to mission requirements immediately upon arrival in an overseas area is a vivid example to the AC gaining commands and to NATO allies of the operational effectiveness of ARNG units. This program provides opportunities for exercising assembly, movement, deployment, and employment. This is the Total Army in action. In coordination with the AC, the ARNG has developed a 5-year schedule for participation of units in overseas deployment training.

Realistic field training is an essential element of the overall training program. Development of high quality training sites, described earlier under sustaining, is one element; the other is provision of training ammunition. In order to most effectively manage these limited resources, the Army Guard designed and fielded this past year an automated system for the management of training ammunition that provides state and field managers with an accurate and responsive management tool as well as providing NGB and DA managers with reliable use data. The result is that management decisions at all levels are being made from a sounder base and manager productivity has been improved significantly.

A new and innovative approach to training is the utilization of simulators and training devices such as the Multiple Integrated Laser Engagement System (MILES) that provides lessons in training that could only be learned in the first battle of the next war. Unfortunately, resources do not currently exist within Army procurement accounts to purchase MILES for the ARNG in FY 83 or FY 84.

Safety in training is emphasized throughout the ARNG training program. Since the end of FY 77, the ARNG motor vehicle accident rate has declined from 9.9 to 4.6 accidents per million miles driven while the overall accident rate for all types of risks, other than aviation, has declined approximately 27 percent. Accurate identification of cause factors, cost effective safety programs, and intensive management by the ARNG safety community are seen as keys to this achievement. Aviation safety accomplishments in FY 82 were particularly outstanding. ARNG aviation recorded a rate of 1.01 accidents per 100,000 flying hours, the best safety record in the history of the ARNG aviation program. This compares very favorably to the FY 81 rate of 2.88 accidents per 100,000 flying hours. An innovative method of targeting adverse safety trends with special emphasis programs is identified as the main contributor to the downward rate. During FY 83, efforts to improve the record will be centered on aviation emergency procedure training, a need that has surfaced through accident data analysis, as an area of concern.

READYING/MOBILIZING THE GUARD

The Army National Guard (ARNG) for the second consecutive year has attained and maintained its highest combat readiness ever. In addition, it has increased its number of units by 50% in both the Rapid Deployment Force (RDF) and the Intensive Management Force (IMF). Commensurate with the increase in the number of ARNG high priority units, mobilization preparedness has increased. Reorganization of State headquarters into State Area Commands (STARC) as mobilization entities gives the ARNG the capability to mobilize rapidly.

The ARNG conducts mobilization exercises to evaluate the ability of units to meet their deployment objectives. Evaluations were conducted for 46 percent of the units selected for Overseas Deployment Training (ODT) in FY 82. The goal for FY 84 is to evaluate all of the units selected for ODT. One hundred thirteen mobilization evaluations were conducted of IMF units in FY 82. In FY 84 and the out years, the goal is to annually evaluate one third of the early deploying IMF units, approximately 175 per year. Since the initiation of this program in 1979, evaluated ARNG units have shown steady improvement in their ability to meet deployment objectives. Demonstration of this improvement was documented in the biennial JCS mobilization exercise, PROUD SABER/MOBEX 83, recently completed. Seventy-seven percent of all ARNG units participated, as well as 53 STARCS and 53 Mobilization Stations, to include 8 State Operated sites.

A specific example of the ARNG's mobilization deployment capabilities was demonstrated in early FY 83 during a surge exercise at Anniston Army Depot. This exercise was part of MOBEX 82 and its purpose was twofold. The first was to test the capability of the depot to respond to surge requirements and to determine the problems caused by increased production. The second purpose was to test the "Quick Fix" concept of rapidly increasing depot capability immediately following mobilization by increasing the overhaul or conversion of main battle tank engines from a normal production of 3.2 engines each day to 9.6 each day. Two ARNG units, designated as "Quick Fix" units, participated with depot personnel. The exercise was a success as 155 engines were overhauled or converted. The anticipated learning curve for the Guardsmen did not materialize as the goal of a 200 percent increase in normal production was exceeded from the first day. Since the supply of unserviceable assets was exhausted, the exercise was terminated a day early when 135 percent of the production goal and over 400 percent of normal production had been achieved.

Participation in the mobilization exercise program has grown from 72 exercises with a budget of $4.7 million in FY 81 to a planned level of over 300 exercises and a budget of $9.5 million in FY 84. Significant improvements in mobilization preparedness have resulted for ARNG units which have had the opportunity to participate in this program.

CONCLUSION

The Army National Guard continues to play a central role in the national defense. This report has provided a description of the various programs designed to prepare the Guard for its part in the overall effort. In order for us to maintain the momentum developed in recent years, proper resourcing is essential. The willingness of the citizen soldier to leave family and community in response to service requirements is a matter of record. It is essential that these patriotic individuals receive the support they need and deserve.

BUDGET OVERVIEW

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The Operation and Maintenance, Army National Guard appropriation request has been carefully developed to provide balanced operations, logistics and administrative support to Army National Guard (ARNG) units. To provide this support, costs are incurred for military technician pay, training operations, stock fund supplies/equipment, fuel, equipment maintenance, facility maintenance, headquarters operations, recruiting operations and medical operations.

The FY 1984 request of $1.135 billion includes cost growth of $50.6 million and negative program growth of $106.8 million. The net funding decrease of $56.2 million from FY 83 resulted from prior year Congressional initiatives not being extended in the Program Objective Memorandum (POM) years. It supports a military force of 421,094 members and 22,740 civilian end strength.

Significant improvements are being made in the area of force modernization as the ARNG continues to upgrade its equipment inventory to become more compatible with the Active Component. This request provides $4.2 million for operations and fielding support to the ROLAND Battalion and $17.9 million for 17 new equipment items to include Improved TOW Vehicles, M198 Howitzer, and additional AH1S COBRA/TOW aircraft. In addition, funds are provided to continue support for the first ARNG armored battalion to be equipped with M1 tanks, fielded in FY 83. The major program decreases are in the areas of Organizational Clothing and Equipment ($64.8 million) and repair parts ($50.4 million). FY 1982 and FY 1983 Congressional increases were utilized to improve ARNG early deploying units' supply and equipment postures. Decreased funding for Organizational Clothing and Equipment (OCE) and repair parts in FY 1984 will result in increased backlogs primarily in later deploying units but will support highest priority requirements.

Readiness improvement of ARNG units is contingent on the ability of these units to maintain authorized strength, on the reduction of OCE and repair parts backlogs projected to be $551.0 million at the end of FY 84, and on the availability of sufficient resources to continue ARNG force modernization improvements.

Details of the major budget activity groups are included in the following paragraphs.

TRAINING OPERATIONS

This activity group provides training support of ARNG units to ensure combat readiness of units at the time of mobilization. It provides funds for the pay of full-time military technicians assigned to ARNG units, training aids and devices, inactive duty training travel, and technician school tuition and travel. This funding supports the needs of 3,369 company-size units located throughout the 50 States, Puerto Rico, Guam, the Virgin Islands, and the District of Columbia.

The FY 84 request provides cost growth of $.6 million and program growth of $.3 million. It supports increased requirements for military technicians and Active Guard and Reserve personnel who are training specialists. These full-time specialists ensure that limited training time available during Inactive Duty Training (IDT) and Annual Training (AT) is used in the most productive manner. Provided in the FY 84 request is $.8 million for the ROLAND Battalion and new equipment items; and $1.6 million for continued IDT and technician school support for the M-1 Battalion.

LOGISTICAL SUPPORT

Logistical support provides resources for ARNG units to meet readiness objectives and the overall mission of ensuring combat readiness at mobilization. It provides funds for the compensation of full-time logistical support technicians, procurement of stock-funded clothing and equipment items, procurement of repair parts for surface and aviation equipment, fuel for surface and aviation equipment, equipment transportation charges, and commercial communications support.

The FY 84 request provides cost growth of $37.4 million and negative program growth of $97.4 million. Included are $50.3 million for the ARNG Flying Hour Program; $17.1 million for operations support of new equipment items scheduled for distribution to the ARNG in FY 84; $3.8 million for the continued support of the M-1 Battalion fielded in FY 83; a reduction of $64.8 million for OCE a reduction of $50.4 million for repair parts; and a $1.6 million reduction for civilian technician end strength. This reduction in civilian technician end strength is attributable to an Army-wide civilian ceiling and the placement of additional full-time manning training specialists in high priority units.

BASE OPERATIONS

Base operations provides for the operations, maintenance, and repair costs associated with state-operated training and logistical facilities, federally controlled armories, aviation facilities, and United States Property and Fiscal Office (USPFOs) installations. In addition, funds are provided to the Army for the opening, operating, and closing costs for use of Active Army training sites by the ARNG.

The request provides $.3 million for training site support for the ROLAND Battalion, $5.2 million for additional real property maintenance activities, and includes a reduction of $8.3 million for base operations support. This is a result of two factors: the FY 83 Congressional increase for fire damage repair to the Buffalo Armory and the limiting of program growth to the highest priority requirements which sustain facilities utilized for readiness training. The Backlog of Maintenance and Repair (BMAR) is projected to increase to $76.6 million by end FY 1984.

DEPOT MAINTENANCE

This activity group provides for the major overhaul and modification of aircraft, surface vehicles, and equipment. This depot level maintenance is performed by the Army Depot System and by contract.

The FY 84 request provides cost growth of $5.6 million and negative program growth of $6.7 million. Increasing depot maintenance requirements are based upon provision of new and more complex surface aviation equipment to ARNG units and an aging equipment inventory. The aircraft inventory continues to be modified and upgraded for better mission capabilities. Resources are provided in the FY 84 request for an in-house airframe depot repair and crash damage program initiated by the ARNG for the OH-6 aircraft.

RECRUITING SUPPORT

This activity group provides funds in support of Army National Guard recruiting and retention activities. In a concentrated effort to recruit and retain Guard personnel, funds are provided for the production and distribution of Command Information Material; production of television and radio public service announcements; production and printing of recruiting and retention materials; and production of magazine and newspaper advertisements. In addition, funds are included for support costs incurred by the recruiting and retention force.

The FY 84 recruiting support request includes cost growth of $.9 million and negative program growth of $.8 million. Due to the current economic environment and the implementation of an increased cash bonus for a six year commitment, the ARNG has been able to successfully recruit and retain personnel. The FY 82 recruiting and retention success is expected to carry over into FY 83 and FY 84 and allow a lower estimated cost per accession.

MEDICAL SUPPORT

This budget activity provides for the local procurement of medical supplies required for emergencies; emergency medical care at non-Federal hospitals for ARNG members injured while participating in training; initial and periodical physical examination at non-Federal facilities when Government facilities are not available; and for immunizations and replacement of spectacles, dentures, and prosthetic devices when damaged as a result of participation in authorized training.

The FY 84 estimate of $8.7 million supports medical costs for drilling Guard personnel while in AT or IDT status and Active Guard and Reserve (AGR) personnel serving under Title 32, U.S.C., (State Control). It includes cost growth of $.4 million and program growth of $.3 million.

HEADQUARTERS AND COMMAND SUPPORT

The headquarters and command support portion of the budget provides for the pay and benefits of civilian employees assigned to the National Guard Bureau, the National Guard Computer Center, the National Guard Personnel Center, the Army National Guard Operating Activity Center, and ARNG technicians assigned to State Headquarters Activities. Also included in the operational costs for these activities are supplies, travel and per diem, publications, equipment, and Federal Employees Compensation Act payments to employees of the Army National Guard.

The FY 84 request includes cost growth of $1.1 million and program growth of $.5 million.

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 84 National Guard Personnel, Army (NGPA) budget request of $1,915 million provides pay and related expenses for Army National Guard personnel. Other expenses included are pay and allowances, clothing, subsistence, gratuities, and travel. The FY 84 request provides for the training and support of 421,094 Army National Guard personnel by year-end. In addition, the FY 84 request provides school and special training for officers and enlisted personnel and provides funding for 18,630 officer and enlisted personnel on full-time duty status.

TABLE 1

US Army National Guard
(End Strength)

	FY 82 ACTUAL	FY 83 ESTIMATE	FY 84 REQUEST
Pay Group A	366,485	367,085	364,249
Pay Group F	19,597	22,100	24,200
Pay Group P	10,145	14,015	14,015
Full-Time Active Duty	11,374	13,819	18,630
TOTAL	407,601	417,019	421,094

TABLE 2

National Guard Personnel, Army
($ in Millions)

	FY 82 ESTIMATE	FY 83 REQUEST	FY 84 REQUEST
Pay Group A/P	917	994	1,016
Pay Group F	196	205	235
School Training	56	69	97
Special Training	38	59	85
Administration/Support	304	372	482
TOTAL PROGRAM	1,511	1,699	1,915

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The funding categories of the FY 84 Operation and Maintenance, Army National Guard (OMARNG) appropriation are shown in Table 3. They support the projected National Guard end strengths depicted in Table 1. This request also supports 22,740 civilian employees.

TABLE 3

Operation and Maintenance, Army National Guard
($ in Millions)

	FY 82 ACTUAL	FY 83 ESTIMATE	FY 84 REQUEST
Training/Operations	143	161	162
Depot Maintenance	56	56	55
Logistical Support	759	795	735
Medical Support	7	8	9
Base Operations	72	90	91
Recruiting	10	13	13
Management Support	57	68	70
TOTAL PROGRAM *	1,105	1,191	1,135

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The FY 84 request for Military Construction, Army National Guard (MCARNG) provides for 40 major projects. Included in the major projects are 25 armories, 2 aviation facilities, 4 training facilities, 6 equipment maintenance facilities, 1 logistics facility, and 2 U.S. property and fiscal office facilities. Table 4 displays the MCARNG appropriation by major category.

TABLE 4

Military Construction, Army National Guard
($ in Millions)

	FY 82 ACTUAL	FY 83 ESTIMATE	FY 84 REQUEST
Armory	29	27	22
Non-armory	32	17	23
Minor Construction	4	8	8
Planning and Design	3	3	3
TOTAL*	68	55	55
TOTAL ALL APPROPRIATIONS	2,684	2,945	3,105

*Totals may not add due to rounding.

Senator **HUMPHREY**. Would you like to comment on this article from the point of view of the Guard?

General **TEMPLE**. Yes. I believe General Mahaffey summed it up very clearly and General Hesson also, who is closely associated with the details of the report. Yes, clearly there is a problem that we have recognized, and the Army is doing everything possible to come to grips with it

Spare parts is quite apparently a significant problem. When you consider the age of the equipment in the Army National Guard it certainly jumps out at you, that given the type of equipment that is coming into the inventory today, the numbers of spare parts produced for the generation of equipment we have on hand is obviously not at the same level, so it is a problem insofar as that is concerned.

You mentioned the issue of training the individuals to maintain the equipment that they are going to find on the battlefield, and I talked in my presentation about compatibility of equipment. It is obviously a significant issue to us.

Given the fact that most maintenance personnel with the Army Guard are inward-looking, they are looking at the inventory within the State structure which they support. And given the low level of modern equipment that has been in the Guard Force in the past, quite obviously maintenance people have not had an opportunity to deal with the new equipment they are going to have to perform maintenance on in time of conflict.

Hopefully, that is turning around now and we can find ways to get the personnel who have this requirement to the places where they are needed to train on the equipment they are going to find on the battlefield. We have not solved the issue by a long shot, but I will assure you it is being addressed.

Senator **HUMPHREY**. Well, you say the Army is doing everything that it can, yet this is a longstanding problem. There is nothing new in this, not that it is acceptable. But are we truly making progress in overcoming this problem?

General **TEMPLE**. Let us address it on the part of spare parts. As we managed the problem over the years, the spare parts program has often been decremented and appears to have been the billpayer. As a result, parts are not always available to maintain the force even for training at the level we would like. Given the fact that spare parts are not available to sustain equipment on the battlefield for the length of time that is necessary, obviously that exacerbates the situation.

Are we able to train the soldiers with the equipment that is necessary? That volume of equipment has simply not come into the force to the point where it can be distributed in sufficient quantity to Guard units where they can train with it.

What we must do is find ways to transport key maintenance personnel where we can train them in the necessary skills. Then we must get them to the equipment on a recurring basis to retain those skills at the levels they are going to need. That will cause a change in the way that we have inherently conducted our maintenance program in the Army National Guard.

General **BERKMAN**. Mr. Chairman, the Capstone program that I referred to is also a step in this direction, identifying units in the

Reserve components with units in the Army, the Active component that they would be associated with in the event of mobilization in wartime and then, as a result of that association, determine the kind of equipment that is necessary, that is compatible with the units that they would be associated with in the event of maintenance or supply; also the kind of training and equipment necessary to accomplish the training so that they would be prepared to perform their wartime missions.

Now Capstone is not a program that has had separate and identifiable funding. That is a program that has been evolving in the last couple of years. One offshoot is the deployment training that I referred to, but I think as we proceed that program does have great potential for identifying the problems and, hopefully, with appropriate resources solving them.

Senator **Humphrey**. Well, it seems to me that the Department of Defense has been fostering a myth about the total force, assigning a greater and greater role over the years to the Reserve and to the Guard in the way of early mobilization because we have not backed up in equipment and training that concept to a significant degree, have we, General Berkman?

General **Berkman**. I thought that was a rhetorical statement.

Senator **Humphrey**. It sounds great on paper, but we are not nearly——

General **Berkman**. I think we are not yet where we need to be and progress needs to be made.

Senator **Humphrey**. What is the goal for the Individual Ready Reserve? What strength are we trying to reach? Do they have a goal?

General **Berkman**. It varies. The estimate varies, Mr. Chairman, depending upon the scenario and the identification of their requirements. It is significantly greater than some 220,000 currently in the Individual Ready Reserve, but the figure is—I do not have a specific figure.

Senator **Humphrey**. What is the requirement?

General **Berkman**. Well, the requirement is generated by the scenario of the mobilization and——

Senator **Humphrey**. Well, European NATO scenario.

General **Berkman**. I believe it is several hundred thousand in addition to what is currently in the force. There is also a problem about the proper mix of skills that would be required in that scenario for replacements and fillers.

Senator **Humphrey**. Are we making progress in recruiting physicians and other skilled medical personnel?

General **Berkman**. The Army Reserve's recruiting for health professionals is in concert with the Army Surgeon General recruiting. Significant progress is being made. It is gradual, but it is significant in that the numbers are going up in the health professionals. A significant shortage still exists with respect to surgical skills, and that is receiving attention and we are gradually increasing that number, too.

Senator **Humphrey**. Well, the number is going up. That is good. But probably so is the requirement in that the force level is going up. How are we doing on a percentage basis?

General **Berkman**. I can provide that for the record.

[The information follows:]

In the troop program units, the requirement for physicians with surgical skills has increased approximately 1.8 percent between Sept. 30, 1980 and Dec. 13, 1982, from 986 to 1004 for these physicians. During the same period of time our strenth increased from 213 to 352 surgeons, for a net gain of 139 surgeons (65.3 percent increase). This represents an increase of 13.5 percent, from 21.6 percent fill to 35.1 percent fill.

The Individual Ready Reserve increased its strength by 72.2 percent, from 158 to 272 surgeons, during the same period of time.

Senator **Humphrey**. Is there an improvement on a percentage basis?

General **Berkman**. There has been a slight improvement on a percentage basis.

Senator **Humphrey**. Does the Reserve have some active program to accelerate that improvement trend?

General **Berkman**. It is continuing working with the recruiters, Reserve recruiters, collocated with recruiters of the Active component, the Surgeon General in the areas where the health professionals are located. That is a continuing program.

There are funds identified for programs such as continuing health education, which is an incentive for bringing health professionals into the Army Reserve.

Senator **Humphrey**. The Reserve has only 63 percent for dollar value of peacetime authorized equipment, less than that measured against the wartime requirement. Will there be any improvement in that situation in the 1984 budget?

General **Berkman**. That equipment to which I refer is equipment that is funded and procured from Army appropriation accounts. As General Temple indicated, there are increases in 1983 coming to the Army Reserve. I think the figure is, he estimated, $134 million of Army equipment that is anticipated to be procured for the Army Reserve in the fiscal year.

Senator **Humphrey**. Well, how will that be reflected in the percentage of peacetime authorized equipment?

General **Berkman**. I am not prepared or able to give you a figure of what percentage and what the dollar value is of that.

Senator **Humphrey**. Well, we are at 63 percent. Is it going to go up?

General **Berkman**. It will improve it.

Senator **Humphrey**. Even against the expanded force?

General **Berkman**. Somewhat.

Senator **Humphrey**. General Temple, I know you talked about the full-time manning. Is that situation going to—you have a 20-percent shortfall. Is the 1984 budget going to help you?

General **Temple**. Yes, sir, Particularly in the active Guard/Reserve personnel. Those guardsman who are on an active duty status will have about a 4,000 increase. As a matter of fact, that is about the only growth in strength in the Army National Guard for 1984, but that is an encouraging sign.

I must tell you that the full-time force today is at about 4.6 percent of the Guard total force. As we look out into the outyears, we would like to see that ramped up in our program to about 8 percent and, as a matter of fact, there is discussion today in the Army looking ahead that perhaps that may even go as high as 10 percent in the outyears.

The importance of that can be related to the Air Guard, considered to be one of the most ready of all the Reserve components due to the high degree of full-time support included in their force. That seems to be the model which we seem to be working on. The Army Guard has never been blessed with that level of full-time support and that is an issue now getting very serious attention by the leadership of the Army and we are hopeful that that will come to fruition.

Senator **Humphrey**. I see in reading your testimony your shortfall is down from 30 percent to 20, or will be after 1984. Is that correct?

General **Temple**. Yes, sir.

General **Berkman**. Mr. Chairman, I would like to correct a figure that I gave you. I mentioned $136 million of Army procurement for the Army Reserve in 1984. The correct figure is $176 million.

Senator **Humphrey**. Thank you.

EQUIPMENT

General Temple, equipment. You have 65 percent of your wartime equipment, a $4.7 billion shortfall. What is the figure going to be after 1984?

General **Temple**. That is going to be contingent on the new equipment acquisitions that are coming into the Army and also what comes out of the Army as a result of modernization within that force. The Army can project new equipment acquisitions and the distribution of that equipment to the Guard offers great prospect for the future.

The magnitude of that is not yet clear to us but as the Army is modernized, there is a significant amount of equipment which will become available to the Guard to upgrade our forces. I cannot give you a precise figure or a combination of those two which would have any relevance, but I can assure you that all the projections are healthy.

It has really gotten to the point where we have a major challenge in finding places to store much of the equipment which would be issued upon mobilization. We are looking throughout the country at the present time for storage facilities which are close to the units. Then, when they are mobilized and deployed, there is no time lost in marrying up the equipment with the soldiers.

In many instances we are going to have to construct some very hasty shelters in order to adequately store that equipment.

CLOTHING AND EQUIPMENT

Senator **Humphrey**. I note that the situation in clothing and equipment is going to get worse in 1984. How can we, especially with the early mobilization of some units, ignore such fundamental pieces of equipment as clothing, especially chemical defense equipment? We are not making any progress in 1984 in chemical defense equipment?

General **Temple**. Not enough for either one of us to have any solace. Let me go back to what happened in 1982 and also 1983. Congress added funds to the request in the O&M appropriations to address those kinds of issues. This has not been carried on into the 1984 request and is why you see a decrease in O&M.

But I share your concern. It is a very real concern. Today, in my early deploying force, I will probably be able to totally equip them with some chemical defensive equipment. The Active component, I have been informed, has more. As you know, that equipment has a relatively short life once it is into the field and in use.

But that is only one of the issues in clothing and chemical defensive equipment. We need the kind of clothing and equipment to sustain our soldiers on any battlefield in the world where our Nation may send them.

It is, of course, disconcerting to me, as it must be to you, that we may have soldiers out there who would not have a parka. I think we need it for training. After all, if the soldier lies in the snow and the ice and is shivering so hard he cannot aim his rifle, quite obviously he is no good to you. I would like to be able to put a pair of gloves on him so his fingers are not so numb that he cannot squeeze the trigger.

I would like to give him a couple of pairs of socks so we are not reminded of the evidence that trenchfoot has not left the scene. These are all issues that are important to the Guard because I will assure you that the equipment is not going to be produced by America's great industrial might within the 30–40 days that I need to put my soldiers on the battlefield.

General **Berkman**. Mr. Chairman, in the Army Reserve it is estimated that at the conclusion of fiscal year 1984 the unfinanced requirements for OMA-funded supplies and equipment would be approximately $62 million. It should be noted, however, that probably only an increase of $20 million would be executable, but in any event that is the magnitude of the requirement.

Senator **Humphrey**. Yes. Well, are all of your early-deploying units fully equipped in regards to clothing and chemical equipment?

General **Berkman**. They have the one set and are in relatively good condition with respect to clothing and equipment—the RDF, a significant number of RDF units in the DOD plus-30-day force. It is the later deploying units that are of concern. But even when I say "later deploying," as we have indicated, the Reserve components and most of the deployable Army Reserve units would be deployed within 90 days.

General **Temple**. If I may add to that, we should not be swayed by a myth that a late-deploying soldier is going to get on the battlefield some time in the far future. If you look at the Guard Force, I have infantrymen, tankers, artillerymen, signal personnel, and combat engineers. When they start to sustain casualties on these battlefields, where are they going to get the trained soldiers from? Where are they going to get their hands on them?

Well, quite obviously they are going to come from my force and probably be coming from the later deploying elements. It may very well be that I will have that late-deploying soldier coming back on a stretcher by the time my early-deploying soldier is just setting foot in the area of operations.

So what I am appealing to you for is that we do not let the date that he is supposed to deploy be an indicator of his value; and, secondly, the need to equip him adequately.

Senator **HUMPHREY**. I understand.

I believe those are all the questions I have, gentlemen.

Senator Levin has submitted additional questions to be answered for the hearing record.

[Questions, with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

FISCAL YEAR 1984 BUDGET VS FISCAL YEAR 1983

Senator **LEVIN**. General Peixotto, would you say that the Army's fiscal year 1984 O&M budget as submitted this year does a better or worse job of meeting your objectives and requirements than the fiscal year 1983 O&M budget which you submitted last year?

General **PEIXOTTO**. Our fiscal year 1984 Operation and Maintenance, Army (OMA) Budget represents a slight increase over the fiscal year 1983 President's Budget request, but a 6.5 percent increase over the fiscal year 1983 current estimate. This latter measurement is a better indicator of program improvement when comparing the fiscal year 1984 and fiscal year 1983 OMA programs since the fiscal year 1983 current estimate is essentially the program we plan to execute. The fiscal year 1984 growth over the fiscal year 1983 current estimate provides for increases in such key readiness areas as equipping the force and unit and individual training. It also provides for increases in real property maintenance and base operations support and clearly does a better job of meeting our objectives than will be possible in fiscal year 1983.

O&M VERSUS PROCUREMENT

Senator **LEVIN**. General Peixotto, your statement says that because of reductions to the fiscal year 1983 Defense budget by Congress, "some training will not be accomplished at the desired intensity." What does this mean? Have you been forced to cancel field training exercises in fiscal year 1983? What are some specific examples?

General **PEIXOTTO**. Senator Levin, training at less than the desired intensity means reducing training activity to a level less than originally programed to meet specific goals or objectives. For example, in the fielded force it means reducing numbers of unit exercises and evaluations, reducing the amount of equipment or soldiers involved in exercises, constraining time spent on larger unit training and concentrating training on a lesser number of tasks.

As a result of the fiscal year 1983 budget reduction, a significant number of field training exercises have been cancelled or reduced in scope. The following field training has been cancelled or reduced by Forces Command and the U.S. Army Europe, to date:

Seven division and brigade level exercises.

Approximately 120 battalion level exercises.

At least 60 company-level exercises and field evaluations.

In addition, Forces Command has been compelled to reduce installation gunnery and firing programs and cancel three battalion rotations for training in Alaska and at Camp Ripley. U.S. Army Europe has cancelled approximately 600 days of training in close-in training areas and is examining the necessity of further field training reductions, to include Reforger participation.

FISCAL YEAR 1984 BUDGET REDUCTIONS

Senator **LEVIN**. General Peixotto, you know better than anyone that last year the Congress made substantial reductions in the O&M account. One of the results as you pointed out in your statement was that there was no real growth in the Army O&M account in fiscal year 1983. As Congress begins action to reduce the fiscal year 1984 Defense budget, what areas in particular would you recommend that we not cut?

General **PEIXOTTO**. The fiscal year 1984 Operation and Maintenance, Army (OMA) Budget reflects a modest 6.5 percent real program growth over fiscal year 1983. The average growth per year between fiscal year 1982 and fiscal year 1984 is over two percent lower than this. Most of this growth represents weapon systems support, real property maintenance, and other base operations support and is reflective of conscious procurement and construction decisions made two or more years ago. Given the modest growth and balance reflective of the OMA budget, I would not recommend any cuts to it. If forced to take cuts in the OMA Appropriation, I would not deem prudent any such cuts that were non-programatic.

FORCE MODERNIZATION

Senator **Levin**. General Peixotto, what do you mean when you say that in fiscal year 1984 "the operating and support costs of new systems have been budgeted at an amount some $250 million less than our identified requirement? What was your original identified requirement for force modernization and how much is in the fiscal year 1984 budget?

General **Peixotto**. The original identified cost estimate for OMA force modernization operating and support costs is $1.92 billion; however, only $1.67 billion is in the fiscal year 1984 budget. The unfinanced portion is the result of a managerial decision based on execution slippage in the past.

Senator **Levin**. General Peixotto, as you know in fiscal year 1982, $940 million was appropriated for force modernization activities and $118 million—19 percent—of this was eventually reprogrammed for other activities. How are you doing with the $1.3 billion appropriated in fiscal year 1983 for force modernization? Will you use the full amount appropriated for force modernization, or will some of this be diverted to other uses?

General **Peixotto**. A formal midyear execution of the OMA force modernization program is being conducted with the results due to Headquarters, Department of the Army, by 1 May. At this time it appears that more than what was appropriated is needed. This means the full amount appropriated, $1.3 billion, will be utilized for force modernization.

Senator **Levin**. Since the fiscal year 1984 budget was developed, have you reviewed your original estimates to determine if the full amount is needed? What will be the consequences of the $250 million shortfall from your identified requirement?

General **Peixotto**. Yes, a recent review of this program based on fielding distribution plans published in March 1983 indicates the slippage, which a portion of the $250 million shortfall was based on, has yet to materialize. Program slippage in other areas, i.e., cost factor changes, also has not materialized. We must fund the operating costs of the systems we field. The program will be recosted in detail based on the updated distribution plans. Any unfinished requirement that remains will be addressed via a reprogramming action or other programatic trade-off.

DEPOT MAINTENANCE

Senator **Levin**. General Mahaffey, the depot maintenance chart in your prepared statement shows that the Army's depot maintenance backlog in fiscal year 1984 is larger in dollar terms than any year since fiscal year 1978 and the largest as a percentage of the total overhaul requirements since fiscal year 1979.

What accounts for the growth in the depot maintenance backlog from fiscal year 1983 to fiscal year 1984?

General **Mahaffey**. The increase, in dollar terms, of the unfinanced requirement (backlog) between fiscal year 1983 and fiscal year 1984 is attributable to cost growth and the unfinanced fiscal year 1983 requirements, ($93 million) generated by program reductions to absorb 25 percent of the fiscal year 1983 pay raise and increased requirements.

The unfinanced depot maintenance requirements represent the Army decision to delay, in the short term, some maintenance requirements to afford the long term readiness benefits of modernization.

Senator **Levin**. What are the readiness implications of this growth?

General **Mahaffey**. Significant quantities of equipment scheduled for overhaul or repair will not be accomplished in fiscal year 1984. The systems affected include UH-1, ammunition renovation, missiles, watercraft, rail equipment, various radio and radar items, generators, and test measurement and diagnostic equipment (TMDE).

Senator **Levin**. General Peixotto, how do you explain the 40 percent increase in the overhaul requirements from fiscal year 1982 to fiscal year 1984?

General **Peixotto**. The increase in requirements between fiscal year 1982 and fiscal year 1984 results from four primary factors. The most significant of these is cost growth which accounts for almost 40 percent of the increase. Other major factors are the deferral of $93 million in fiscal year 1983 requirements until fiscal year 1984; growth in requirements to support new systems; and increased requirements to support currently fielded systems related to increased density and operational intensity.

Senator LEVIN. General Mahaffey, your statement indicates that maintenance support activities is another area of the Army's O&M budget where things are worse in fiscal year 1984 than in fiscal year 1983.

This is an area where this Committee tried to increase the Army's budget last year. What are the implications of underfunding this area of this budget?

General MAHAFFEY. The priority for maintenance support resources is to new systems entering the inventory. The impact of underfunding maintenance support activities will be reduced support to fielded systems and includes less technical assistance to the operating commands, not updating present technical bulletins and repair manuals, inability to react to Equipment Improvement Reports (EIR's) submitted by the field, and other engineering services for some fielded systems.

Although the reduced maintenance support will reduce materiel readiness, the effect must be balanced with the impact of further underfunding the materiel maintenance requirements. The fiscal year 1984 Depot Maintenance Program strikes a reasonable balance between materiel maintenance and maintenance support funding.

Senator LEVIN. As you begin work on the fiscal year 1985 budget now, are you projecting the depot maintenance backlog to grow or to decrease in fiscal year 1985?

General PEIXOTTO. Present planning indicates that the depot maintenance backlog (unfinanced requirement) will decrease significantly in fiscal year 1985 over fiscal year 1984; however, events that occur between now and budget submission next January may alter that projection.

Senator LEVIN. When will the backlog be eliminated?

General MAHAFFEY. The program, at present, does not reflect elimination of the unfinanced requirement (backlog) during the fiscal year 1985-1989 POM. However, the Army has initiated an exhaustive analysis of total equipment support costs. The Materiel Development and Readiness Command (DARCOM) is reviewing depot maintenance requirements. These two reviews will be used by the Army to insure that essential support costs are identified and within fiscal constraints, the appropriate funding applied.

Senator LEVIN. General Mahaffey, your chart shows that in only one of the last six years (1978) has the Army come close to financing their requirements in this area.

Aren't you beginning to behave like the boy who cried wolf? What difference does not fully funding your requirement for maintenance support activities in fiscal year 1984 make if the requirement hasn't been fully funded for the last 6 years?

General MAHAFFEY. The fact that maintenance support activities have not been totally financed in the last six years is not an indicator of questionable or invalid requirements. It is a reflection of funding constraints and the conscious decision to underfund Depot Maintenance overall to realize the long-term readiness benefits of modernization.

As in the materiel maintenance portion, unfinanced fiscal year 1984 maintenance support requirements will be deferred to fiscal year 1985. This will also defer the benefits to have been derived, such as, improved maintenance techniques, equipment improvement proposals, and other engineering related activities.

FLYING HOURS

Senator LEVIN. General Peixotto, I am concerned by your statement that "to insure that the training base was adequately supported with flying hours, other units flying hours were reduced to contain the overall Army flying hour program at a level which was supportable with available spare parts. "Does this mean that Army aviators in operational units will fly fewer hours in fiscal year 1984 than in fiscal year 1983?

General PEIXOTTO. Yes, the hours available for an aviator in an active Army operational unit will be approximately 9 percent less in fiscal year 1984 than in fiscal year 1983. With intensive management of hours by operational units the fiscal year 1984 program will provide the minimum acceptable level to achieve individual and combined arms proficiency.

Senator LEVIN. General Peixotto, what is the minimum number of flying hours per month for Army aviators to maintain their proficiency and readiness? Has this goal been met over the past 5 years?

General PEIXOTTO. The minimum number of flight hours required to maintain individual aviator proficiency is based on a semiannual period. This number differs depending on the mission the aircraft performs. For example, a utility (UH-60, UH-1) aviator is required to fly 48 hours per semiannual period (96 hours annually) and to perform specified tasks. To maintain combat readiness, the aviator must be trained to operate with his unit in a combined arms mode. Additionally, the aviator must be trained to perform any special missions given the unit. There are no specified number of hours listed for this type of training as it will vary greatly between individuals, depending on the experience level of the aviator and the accessibility of training areas. The number of hours required is determined by the unit commander. The flying hours through fiscal year 1981 were sufficient to conduct both individual and combined arms readiness training. The flying hours available in fiscal year 1984 are at the minimum acceptable level to achieve individual and combined arms proficiency.

Senator LEVIN. Is there a shortage of repair parts to support the Army's flying hour program?

General PEIXOTTO. Yes, there is a shortage to support the fiscal year 1984 flying hour program. Resources appropriated in 1982 for Aircraft Procurement Appropriation (APA), Army spares were insufficient to procure spares to support the fiscal year 1984 flying hour program. The average leadtime from parts procurement to receipt is 2 years.

Senator LEVIN. How long has this shortage existed?

General PEIXOTTO. This shortage was first recognized in late fiscal year 1981 (July 1981).

Senator LEVIN. Can you quantify this shortage in terms of dollars? How does this shortage compare to previous years?

General PEIXOTTO. The fiscal year 1982 Aircraft Procurement Appropriation, Army spares funding shortfall was $139.7 million. In fiscal year 1981, the shortfall was $28.3 million.

Senator LEVIN. When will this shortage be made up?

General PEIXOTTO. The fiscal year 1981 shortfall has been funded through a fiscal year 1981 supplemental. The shortage in fiscal year 1982 is being made up with fiscal year 1982 internal reprogramings ($10.0 million), a Congressionally approved reprograming ($70.4 million) and a planned fiscal year 1983 reprograming of $59.3 million.

TRAINING AMMUNITION

Senator LEVIN. General Peixotto, it appears from the budget that the Army's training ammunition requirements are not fully funded in fiscal year 1984. What specific requirements are not being met, and what is the size of the problem in dollar terms?

General PEIXOTTO. Based upon the Standards in Training Commission model, examples of specific shortfalls are:

Cal .50 4+1 (2,500,000 rounds).

Impact: Will be short 30 percent of minimum training ammunition requirement to qualify tank crews. Units affected will be armored battalions and brigades.

30mm TP-T (263,000 rounds).

Impact: Will be unable to qualify attack helicopter pilots in aerial gunnery. Ammunition shortfall is 40 percent below minimum levels. Units affected will be aviation battalions.

40mm TP-T (DIVAD) (201,000 rounds).

Impact: Will be short ⅔ of minimum training ammunition requirement. Consequently, will be unable to qualify DIVAD gunners for division level air defense. Units affected will be air defense battalions.

Cal .45 Ball (22,800,000 rounds).

Training with Cal .45 in fiscal year 1985 and beyond will be dependent upon reprograming from 9mm ammunition funding until the 9mm Personal Defense Weapon is fielded. Will affect individuals throughout the Army. Principal impact will be in security, armor, and infantry units.

The total shortfall, which includes the above, is about $140 million needed to support the standards in Training Commission requirements.

Senator LEVIN. The area of training ammunition appears to be another area where every year funding is below requirements. Are we further away from meeting our training ammunition requirements in fiscal year 1984 than in fiscal year 1983 and fiscal year 1982?

General **Peixotto**. No, we are not further away from meeting our training ammunition requirement. As a result of the Standards in Training Commission model, we have tied training ammunition requirements by type to specified standards to meet readiness objectives. Newly formulated Army training strategies have resulted in reduced training ammunition requirements. Existing assets and funded deliveries will provide about the same quantity of training ammunition for use in fiscal year 1984 that was authorized for use in fiscal year 1983. We are in the process of developing more objective training ammunition requirements.

ARMY NATIONAL GUARD COMPONENT MANNING IN FISCAL YEAR 1984

Senator **Levin**. General Temple, the Army National Guard is budgeting for an end strength of 421,094 in fiscal year 1984. What is the peacetime manning goal for Army National Guard? Could you achieve a higher strength in fiscal year 1984 than currently assumed in the budget? What would the additional strength cost in fiscal year 1984?

General **Temple**. The fiscal year 1984 peacetime manning goal (Force Structure Allowance) for the Army National Guard is 433,800. The Army National Guard can achieve a strength of 433,000, approximately 12,000 above the fiscal year 1984 budgeted end strength. The additional cost for this strength is approximately $75 million. Costs included are for pay and allowances, bonuses, recruiting and retention resources, and operation and support costs.

ARMY RESERVE COMPONENT MANNING IN FISCAL YEAR 1984

Senator **Levin**. General Berkman, the Army Reserve is budgeting for an end strength of 272,927 in fiscal year 1984. What is the peacetime meaning goal for the Army Reserve? Could you achieve a higher strength in fiscal year 1984 than currently assumed in the budget? What would this additional strength cost in fiscal year 1984?

General **Berkman**. The fiscal year 1984 peacetime manning goal for the Army Reserve troop program units is 270,951. The components of this strength are paid drill strength (PDS) and Active Guard/Reserve (AGR) personnel in a full time unit support role. The term peacetime manning goal only applies to the Troop Program Units.

The fiscal year 1984 budgeted troop Program unit end strength is 259,021 and is composed of 251,545 PDS and 7,476 AGR personnel in a full time unit support role.

The fiscal year 1984 budgeted end strength for the Selected Reserve is 272,927. The components of this end strength are:

Paid drill strength (PDS)	251,545
Individual mobilization augmentee (IMA)	10,718
Active Guard/Reserve (AGR)	10,664
Total	272,927

The Army Reserve could achieve a higher end strength in fiscal year 1984 than currently assumed in the budget. The current budgeted troop program unit end strength of 259,021 could be increased by 12,000 paid drill strength raising the USAR to its peacetime authorized level. Costs associated with this increase includes $22.3 million for Reserve Personnel, Army; $11.7 million for Operation and Maintenance Army Reserve: and $6.5 million for the Active Army training base. The total cost is $40.5 million.

If, however, current end strength caps were removed and adequate funds provided, the USAR could achieve a Paid Drill strength increase of 22,500 which equates to the demonstrated fiscal year 1982 growth experience. The costs associated with this increase include $41.8 million for Reserve Personnel, Army; $22.0 million for Operation and Maintenance, Army Reserve; and $19.0 million for the Active Army training base. The total cost is $82.8 million.

Senator **Humphrey**. The subcommittee is adjourned.

[Whereupon, at 5 p.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

THURSDAY, APRIL 14, 1983

U.S. Senate,
Subcommittee on Preparedness,
Committee on Armed Services,
Washington, D.C.

MARINE CORPS READINESS

The subcommittee met in open session, pursuant to notice, at 2:09 p.m., in room SR 222-A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Wilson.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; and Marie Chaillet, staff assistant.

Also present: Dennis P. Sharon, assistant to Senator Goldwater, and Ron Kelly, assistant to Senator Humphrey.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator Humphrey. The subcommittee meets this afternoon to receive testimony on the readiness and the 1984 authorization request of the Marine Corps.

Our first witness is Lt. Gen. William R. Maloney, U.S. Marine Corps, Deputy Chief of Staff for Plans, Policies, and Operations.

Good afternoon, General. Thank you for submitting your testimony ahead of time. I have read it, as well as the testimony of the other two witnesses. I appreciate your sending that over early.

You are free to proceed as you wish. Do you have a reading statement, or what is your preference?

General Maloney. I have a brief oral statement, Mr. Chairman, if I may.

Senator Humphrey. Fine.

STATEMENT OF LT. GEN. WILLIAM R. MALONEY, DEPUTY CHIEF OF STAFF FOR PLANS, POLICIES, AND OPERATIONS, HEADQUARTERS, U.S. MARINE CORPS

General Maloney. Good afternoon, sir. I am happy to be here with Generals Hatch and Olmstead to give you a report on the excellent state of readiness of the U.S. Marine Corps.

I should indicate right off that one of the reasons for that excellence in readiness has been the support of Congress. It is appreciated and we will do everything we can to warrant that kind of support.

MARINE CORPS READINESS

Having said that, I would like to summarize our readiness posture. Before we can do any readiness review, I should explain that our structure is designed to enhance that readiness.

The pointed end of the spear, if you will, is the Marine air-ground task force; MAGTF is the acronym. It comes in three sizes. The smallest is the Marine amphibious unit such as that represented today in Beirut. It is a Marine force of about 1,800 supported by the Navy's amphibious task force off-shore. We have two of those forward deployed at all times, one in the Pacific and one in the Mediterranean.

At other times, we have them in the Indian Ocean and in the Caribbean.

The next level of Marine air-ground task forces is the amphibious brigade. This force averages in size from 11,000 to the maritime pre-positioning brigade being 16,500, a substantial force.

Finally, the largest of our Marine air-ground task force is the Marine amphibious force itself, composed of a division, a wing, and a force service support group. These are the forces we provide to oceanic fleet commanders to provide them to the forward fighting CINC's to do what needs to be done.

Although General Olmstead and General Hatch will talk to areas of their specific expertise, I would like to hit several items. One is personnel. We have improved manning levels—again thanks to the support of Congress. One of the ways that our readiness has improved that does not come through in a dramatic statistical context has been the improvement in our critical skills.

We had deficiencies and we identified our critical skills as any military occupational specialty that has less than 85 percent of the numbers required. We have been able to reduce those deficiencies significantly over the last several years.

Those manning levels are important to us because we are bringing in new equipment in our modernization—improved artillery in the 1980's and, of course, the new light armored vehicle which requires manning, that we really did not have in the program. But, in reorganizing our infantry battalion, we increased the firepower by 25 percent, decreased personnel by 10 percent, and had the serendipitous coincidence, if you will, of having the sort of folks we need to man our light armored vehicle units.

Let me talk for a moment about equipment because since last fall our equipment in the operating forces has been maintained at an 85-percent readiness level. As far as aviation is concerned, we are looking at a 70-percent operational readiness rate for the rest of this year.

In every sense of the word we are a total force organization and our reserves are really one-fourth of the Marine Corps structure available for mobilization—a very important contribution. I know General Olmstead will discuss that in more detail.

In aviation our readiness has improved because of the advent of the FA-18 and the AV-8B which will be coming on later in the fall. The CH-53E has provided us lift capability for our light armored vehicle and other programs.

Especially important is our Navy shipbuilding program that involves the LHD-1 and the LSD-41, as well as the landing craft air cushion.

Mr. Chairman, that is a brief summary of my statement and I will be ready to answer questions at any time.

[The prepared statement of Lt. Gen. William R. Maloney follows:]

PREPARED STATEMENT OF GEN. WILLIAM R. MALONEY, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR PLANS, POLICIES, AND OPERATIONS

Mr. Chairman, distinguished members of the committee: I welcome this opportunity to report on the Marine Corps' state of readiness and sustainability. It is, I am pleased to say, a state that is healthy and thriving thanks, in no small way, to the vigorous support of the Congress. As I trust you will note once I have detailed my views, the investment you have made in ensuring you Marine Corps' readiness and the maintenance of our capabilities has been a most prudent one. The Marine Corps is, I wish to confidently assure you, ready.

To illustrate our high degree of readiness, I will provide you with an overview of our force structure and then proceed to a treatment of our overall condition of readiness by addressing the specific programs which we have undertaken to enhance that readiness and improve our capability. As always, the underlying tenet of our policies and initiatives is that we are firmly committed to the most effective possible management of the financial resources allocated to us.

FLEET MARINE FORCE

The Fleet Marine Force is comprised of divisions, aircraft wings; and force service support groups (FSSGs). These provide the ground combat, air combat, combat support (CS), and combat service support (CSS) elements which we task organize for deployment and employment as Marine Air Ground Task Forces or MAGTFs. The Marine Corps is unique among the Services in that we have a full range of combat capabilities and the ability to rapidly organize or "tailor" those capabilities into MAFTFs for the accomplishment of a wide variety of assigned missions. The MAGTF concept, in concert with the Navy/Marine Corps Team, provides us the capability to task organize our combined arms and air-ground forces to perform missions across the full spectrum of conflict and crisis.

The largest of our MAGTFs is the Marine Amphibious Force (MAF), normally built around a division/wing team. A MAF is capable of conducting a wide range of combat operations requiring sustained operations ashore.

Next in size, the Marine Amphibious Brigade (MAB) is normally built around a regimental landing team and an aircraft group. The MAB, which is capable of independent amphibious assault operations, can be forward-deployed afloat for extended periods during times of crisis. MABs, when forward-deployed on amphibious shipping, can provide the National Command Authorities an immedicate response capability. The MAB is also the structure designed for implementation of our maritime and Norway pre-positioning programs. Currently, the 7th MAB is capable of deploying by airlift to join with equipment which is pre-positioned aboard chartered commercial ships. The 7th MAB is prepared for rapid deployment and subsequent employment as a mechanized force capable of sustained combat operations for 30 days without resupply. Additionally, we currently plan to expand the Maritime Pre-positioning capability to three MABs. Selective equipment for an additional MAB is already being pre-positioned in Norway to further improve the rapid-response capability of Marine forces in support of the defense of NATO's northern flank.

In general, the MAGTF structure is designed to provide a ready force capable of being rapidly deployed by a wide variety of strategic mobility means. A specific mobility enhancement initiative involves the phasing out of the Marine-dedicated portion of the Near Term Pre-positioning Force (NTPF) and replacing it with the last of the three Maritime Pre-positioning Ships (MPS) groups. This program will provide the means to rapidly introduce a force of combined arms into a region where our vital interests might be challenged. This force will be one which is capable, credible, and sustainable—all with a minimal investment in strategic airlift.

The smallest of our three MAGTFs is the Marine Amphibious Unit (MAU). The MAU is normally built around a battalion landing team and a composite aircraft squadron comprised of helicopters and, occasionally, AV-8 Harrier aircraft. MAUs are continuously forward-deployed aboard amphibious shipping in the Mediterranean Sea and the Western Pacific Ocean and, periodically, in the Atlantic and Indian Oceans and the Caribbean Sea. These deployed MAUs are our most responsive MAGTFs—as was, and continues to be, demonstrated in Lebanon.

The inherent flexibility of the Navy-Marine Corps team provides a global capability for the precisely controlled projection of selected degrees of combat power. This requires that the Marine Corps continue to organize in such a way that it will remain mission-capable and retain the capacity to immediately implement actions in support of the national interests.

Turning now to the specifics of readiness, I am pleased to report that, from a resource perspective, our forces possess the assets essential to the execution of all assigned missions and that our forward-deployed task forces are fully combat ready.

Although there have been no significant changes in statistical readiness throughout either Fiscal Year 1981 or Fiscal Year 1982, there have been several specific initiatives which rise above statistical analysis. These initiatives have enhanced our readiness in general and our capabilities in particular. I wish to address them in detail.

The primary sources of unit readiness degradation throughout Fiscal Years 81 and 82 have been personnel issues. When such issues become problems they are, by nature, difficult to resolve rapidly. We are, nevertheless, gaining ground.

Since March, 1982 our manning authorization has been increased by approximately 3,000 billets. Even in the face of this increase, we have been able to staff, with the proper occupational specialties, some 4,800 more enlisted billets. We have activated 10 cadred companies within the FSSGs during Fiscal Year 82 with five additional activations scheduled for this year and, consequently, our CSS readiness has improved substantially. In general, we have been striving with steady success to achieve an equitable balance between wartime requirements and peacetime staffing realities.

With respect to equipment, we have also achieved marked improvements. Funding over the last two years has allowed us to increase our equipment inventory and decrease equipment shortages in operational units thereby improving readiness. As of 1 October, 1982, all major commands exceeded an 85 percent equipment readiness mark. This is the first time within memory that we have been able to realize such a high level of equipment readiness. Within our aviation community, the overall mission capability and full mission capability for Fiscal Year 1981 were 61 and 38 percent respectively. During Fiscal Year 1982 those figures increased to 66 and 47 percent. I'm encouraged that this trend has continued and we are currently bettering the Commandant's goal of 70 percent mission capability in Fiscal Year 1983.

The Marine Corps Reserve provides one-third of the manpower and one-fourth of the structure available for total mobilization. The Selected Marine Corps Reserve (SMCR) and Individual Ready Reserve provide the primary source of this Reserve manpower. The SMCR attained 105 percent of the planned Fiscal Year 1982 end strength of 38,540, finishing the year at 40,461. Personnel readiness has been augmented by expansion of the Reserve Full-Time Support (FTS) program.

The SMCR must be prepared to augment or reinforce the active Fleet Marine Force and to provide an additional Marine Air Ground Task Force (MAGTF). The Fourth Division Wing Team (DWT) provides a balance of the combat, combat service and combat service support forces needed.

Readiness of the Reserve force has shown steady progress. Ninety percent of the SMCR units specifically tested for combat skills under our active force Marine Corps Combat Readiness Evaluation System (MCCRES) criteria were graded as "Combat Ready." Twenty-nine units were tested compared to only 13 in Fiscal Year 1981. The recent JCS exercise "PROUD SABER" examined mobilization readiness and initial results indicate considerable improvement. Additionally, the Fourth DWT has provided for 131 individual unit mobilization tests this year with favorable results.

Steps were taken during Fiscal Year 1982 to provide the management and support systems which are so necessary for increased readiness. Measures included obtaining Reserve Full-Time Support personnel needed for organizing, recruiting, training and administering the Marine Corps Reserve as well as the addition of new automated management systems.

In January, 1982, structure modernization commenced in order to align the 4th Marine Division with those of the active forces and to increase the capability of the 4th Force Service Support Group. Initiatives resulted in 62 unit redesignations and a five percent reduction of previous grade and skill shortages.

The need for a modern Reserve aviation component has recently been emphasized by the tasking of Reserve squadrons to prepare for contingencies previously assigned to active units. Though newer aircraft are programed for the Reserves, aviation readiness continues to be affected by aircraft shortages, principally in KC-130 refuelers and AH-1 helicopters, in addition to those shortfalls associated with aging aircraft.

With regard to training, in Fiscal Year 1982 Marine Corps reservists were employed with active duty marines in Joint and Combined exercises in Korea, Iceland, Norway, Denmark, Germany and the Caribbean. Approximately 12,000 reservists participated in seven major Reserve exercises in CONUS.

In the area of equipment, the goals of procuring, issuing, and maintaining combat standard equipment for SMCR training allowances are being met. Additional equipment requirements that are programed to be held at either Albany, Georgia or Barstow, California, until required by mobilization, are not adequate to satisfy Total Force needs. Fiscal Year 1983 procurement funds are being used to reduce these shortages and, assuming that programmed funding levels remain intact, equipment deficiencies will be largely resolved by Fiscal Year 1988.

Naturally, our future readiness is directly dependent upon our current actions, particularly those aimed at modernization. Our investment in new but proven systems will keep us ready for tomorrow's battlefield. The infantry battalions are soon to be reorganized and, as a result of modernizing many of the weapons within the battalions, we have been able to reduce the manpower in those units by 10 percent while increasing their firepower by 25 percent. Our antitank capability is being increased by doubling the density of TOW missiles within our divisions.

Tactical mobility and, specifically, our heavy lift capability has been enhanced by the CH-53E transition program which saw one heavy helicopter squadron (HMH-464), equipped with a full complement of 16 Echo models, become operationally ready in June 1982. Our second squadron (HMH-465), also equipped with 16 CH-53Es, is now operationally ready at Marine Corps Air Station Tustin, California. And, finally, a third squadron, (HMH-466), is programmed to stand up during the last quarter of Fiscal Year 1984.

Three fighter-attack (VMFA) squadrons are undergoing transition from the F-4N to the F/A-18 Hornet. The first of these, VMFA-314, stood up at MCAS El Toro on 7 January of this year. The remaining two will have completed their stand-up by late summer. The first two F/A-18 squadrons will attain full deployment capability during January 1984. By early 1985 all three VMFAs will be fully ready and deployable.

The introduction of the AV-8B is progressing on schedule. We presently have four Full Scale Development aircraft flying and their testing is approximately 60 percent complete. We anticipate delivery of our first production AV-8B in October of this year. This will mark the beginning of our light attack modernization program.

In the Forward Area Air Defense expansion program we have activated nine firing platoons so that each of our three aircraft wings now has four platoons compared to the single platoon with which each was previously equipped. The program, which provides local air defense to ground commanders, will be completed in Fiscal Year 1984 with the addition of a fifth firing platoon to each wing. These units are being provided the more capable Stinger missile as replacement for the older Redeye surface to air missile.

The current fiscal year will see the beginning of the reorganization of our artillery regiments and the fielding of the M198 howitzer which is already 40 percent complete. The conversion of our 175mm self-propelled howitzers to 8-inch will be completed in Fiscal Year 1984. By the end of Fiscal Year 1989, our artillery regiments will be "mirror-imaged" and consist of three direct-support and two general-support battalions. At that time we will have realized a firepower increase of 41 percent.

The development and acquisition efforts relative to the light armored vehicle are proceeding on schedule. A reinforced company, to operate with the 7th Marine Amphibious Brigade, will be activated at Twentynine Palms in July, 1983. The company has a projected Initial Operating Capability of February, 1984. We have also begun a service-life extension program for our assault amphibian vehicle, the LVT-7. This program will prolong the service life of the vehicle until 1994 when the improved "X" model is expected to come on line.

Our motor transport fleet is being improved by the procurement of the Logistics Vehicle System, or "Dragon Wagon," which consists of a 16-ton-class heavy prime mover, and a family of four rear-body units. The rear body units include a container transporter which provides the first practical field vehicle able to transport standard containers which are essential to the capability of the service support elements to resupply, refuel, and rearm the MAGTFs. Also, all two-and-one-half-ton trucks and the current aging five-ton trucks are being replaced by product-improved five-ton trucks. The High Mobility Multipurpose Wheeled Vehicle (HMMWV) will provide one common vehicle to replace the current one-and-one-quarter-ton and one-quarter-ton tactical and trailer fleets. In addition to enhancing tactical mobility, the HMMWV will provide improved readiness through better repair and maintainability characteristics.

With regard to a continuing deficiency, that of amphibious shipping shortfalls, amphibious lift requirements for a Marine Amphibious Force (MAF) and a Marine Amphibious Brigade (MAB) have been carefully reviewed this year.

In an effort to attain assault echelon lift requirements within the programed and planned amphibious ship lift capacities, the overall amphibious lift requirement was reduced by shifting a portion of the MAB's combat service support troops, vehicles, and supplies to an assault follow-on echelon to be carried in commercial ships. Accordingly, the Department of the Navy requirement was restated to reflect the capability necessary to simultaneously lift the assault echelons of a MAF and MAB. Although this amphibious lift requirement exceeds current amphibious ship capacities, we are planning on a gradual, progressive increase in capability as the amphibious force levels improve concurrent with attainment of the 600-ship Navy in the 1990s.

We are encouraged by the Navy's modernization programs in support of amphibious warfare. The replacement of the aging LSD-28s by the LSD-41s is essential to maintaining our strategic mobility. It should be noted, however, that an early retirement of five LSD-28 class ships will exacerbate the current lift shortfall until LSD-41s are introduced into the fleet.

The revolutionary Landing Craft Air Cushion (LCAC) offers the most significant advance in amphibious warfare since the introduction of the helicopter. The LCAC's ability to land Marines over 70 percent of the world's littorals and to achieve 50-knot speeds contributes significantly to the aspects of surprise and flexibility associated with amphibious operations. Additionally, the ability to launch the assault from greater stand-off distances reduces the vulnerability of our amphibious ships.

I will now turn from resource considerations to those aspects of readiness and capability which relate to the effective utilization of those resources.

We continue to expand and refine the Marine Corps Combat Readiness Evaluation System (MCCRES) mentioned earlier. This system objectively evaluates the combat readiness of units and their capability to accomplish assigned missions through actual performance evaluation. All FMF units, active and reserve, are regularly tested against Headquarters-approved Mission Performance Standards (MPSs). Recent additions and refinements include the development of Desert Warfare MPSs, Cold-Weather Helicopter Flight MPSs, and Evaluation Performance Standards (EPSs) which serve to even further standardize the evaluation process. Evaluation reports are reviewed at all echelons, including the Headquarters, where trend analyses are conducted and corrective actions initiated. The MCCRES Performance Standards have the concomitant benefit of serving as training standards and goals for Marine Corps units with the FMF.

With regard to the non-quantifiable aspects of readiness, our officers and enlisted Marines in the Fleet Marine Force are well-trained, motivated, and possessed of precisely those abilities, traits, and attitudes which have always been our hallmark and which have proven to be the paramount factors governing success on the battlefield.

CONCLUSION

We are progressing steadily with regard to the enhancement of those capabilities required by our role as an integral component in the implementation of the national maritime strategy.

As a result of congressional vision and support we have been able to undertake those specific initiatives which I have addressed. Continued support will allow us to proceed with these initiatives and to undertake others. As in the past, we will devote every effort towards ensuring that we avail ourselves of that support with the greatest possible efficiency.

Pride, esprit, professional excellence, and stalwart devotion to duty continue to be paramount characteristics of your Marine Corps. As always, the individual Marine is our primary readiness resource. The proficiency with which we execute any and all of our capabilities is intrinsically dependent upon the physical mental, and moral fiber of those young men and women who have willingly chosen to serve their nation as United States Marines. We can categorically assert that they have never been better.

We are blessed with young people who possess the basic values, perceptions, attitudes, and aspirations upon which this great nation was founded. They are entirely dedicated to, and eminently capable of, the execution of any assigned mission which their country may require. Because of this prevailing spirit among our young Marines, we are particularly grateful to the Congress for its efforts and achievements toward reestablishing a national perception that military service is indeed a most noble and honorable calling. The preservation and nurturing of this perception is vital for it necessarily serves as a fundamental pillar of our national security.

Mr. Chairman, that completes my statement. I am now prepared to entertain your questions.

Senator HUMPHREY. Fine, thank you for that statement.

First personnel. I will be referring to your full statement. On page 4 you state, "The primary sources of unit readiness degradation throughout fiscal years 1981 and 1982 have been personnel issues." You said just a moment ago that things are improving, have improved in 1983 in the area of personnel.

PERSONNEL PROBLEMS

What were the personnel problems that you referred to as "sources of unit readiness degradation in 1981 and 1982" that you have overcome or are in the process of overcoming?

General MALONEY. Mr. Chairman, there are two categories that we are overcoming. One is in total manning—quantity, if you will; having enough Marines to man the units.

Senator HUMPHREY. Yes.

General MALONEY. The other dimension of that was the quality dimension where we have been able to cut down the number of that critical skill category by bringing on and training, and retaining—especially retaining—skilled Marines.

Senator HUMPHREY. Improved accession and retention. Is that closely related to the pay raise?

General MALONEY. We think that it is obviously linked to that and at the same time we must say that there are a lot of fine young men and women who want to be marines to serve their country, as well.

Senator HUMPHREY. I note in your testimony that we have achieved a reduction of 5 percent in grade and skill shortages by 62 unit redesignations.

If redesignating reduces manpower problems, why have we not done that before?

General MALONEY. Perhaps the statement does not clarify exactly what we are talking about. I must tell you that when we say redesignating decreased the skills, I quite frankly am concerned about my statement if it said that.

Would you tell me which item that is, sir?

Senator HUMPHREY. Well, I am reading a question that my staff prepared. I do not know what page that refers to in your testimony but apparently you are quoted as saying, "initiatives resulted in 62 unit redesignations and a 5-percent reduction of previous grade and skill shortages." Is that correct?

General MALONEY. There was no linkage between the two facts. We did reduce the skill shortage.

[Additional information follows:]

UNIT READINESS

The 62 unit redesignations you refer to were part of the structure modernization commenced in 1982 to bring the 4th Marine Division, our Reserve division, into alignment with the active forces and to increase the capability of the 4th Force

Service Support Group. In this case, redesignation did result in a reduction in grade and skill shortages; however, this was a welcome effect and not a primary goal.

Senator HUMPHREY. Yes.

General MALONEY. We redesignated some Reserve units, but there was no cause-and-effect relationship.

Senator HUMPHREY. All right, let us look at equipment.

Page 5 of your testimony. "As of October 1, 1982, all major commands exceeded 85 percent of equipment readiness mark."

What was that equivalent figure in the previous year?

General MALONEY. I do not have it precisely. It was lower, sir, and I can provide that for the record.

[The information follows:]

EQUIPMENT READINESS

The 1 Oct. 1982 equipment readiness statement was that all major FMF commands (17 separate commands) had exceeded the 85 percent readiness goal. More specifically this figure was 90 percent, in the aggregate, as of the 1 Oct. 1982 report. The original statement stands that 17 of 17 commands exceeded the 85 percent goal figure.

By contrast the equipment readiness of one year earlier (based on 25 Sept. 1981 report) showed an aggregate figure of 86 percent equipment readiness. This report reflected the fact that approximately half (8 of 17) of the major commands had not reached the 85 percent figure.

Senator HUMPHREY. All right. Are we planning further improvement in 1985?

General MALONEY. Yes, sir. We would like to see a continued improvement in equipment readiness across time. But I must underscore the fact that improving our readiness between 85 and 86 percent is tougher than it was between 75 percent and 76 percent, if you will.

AVIATION MISSION CAPABILITY

Senator HUMPHREY. All right. Aviation mission capability, fiscal year 1981. Overall 61, full mission capability 38; 2, 66 and 47. What are you projecting in 1984?

General MALONEY. What we would like to do is 70 percent.

Senator HUMPHREY. That is the goal?

General MALONEY. Yes, sir.

Senator HUMPHREY. You expect to reach that?

General MALONEY. That is mission capability.

Senator HUMPHREY. Yes.

General MALONEY. We do expect to be able to reach that.

Senator HUMPHREY. What will be the full mission?

General MALONEY. We would hope to be able to get 50 and even higher.

Senator HUMPHREY. Seventy-fifty.

I note the Selected Reserve attained 105 percent of planned fiscal year strength. What about the Ready Reserve?

General MALONEY. Our full reserve program has quite seriously been a shining success. If I might defer to General Olmstead on that.

Senator HUMPHREY. Sure.

General MALONEY. I know he can provide more detail.

Senator **Humphrey**. We would like to have some numbers in that regard.

Page 6 of your testimony, 29 units were tested for combat readiness evaluation, 29 were tested in 1982 versus 13 in 1981. How many do you anticipate testing in 1984? How many are you testing in 1983? Let us start with that.

General **Maloney**. We are increasing the number and I will need to provide that number for the record for this year.

[The information follows:]

UNIT READINESS

The current plan is to test 44 Reserve units in 1983. No plans have been made for the number of tests to be conducted in 1984.

Senator **Humphrey**. Perhaps General Olmstead can answer that.

General **Maloney**. I should point out, sir, the fact that 90 percent of the ones that we tested were combat ready. This is an especially fine indicator of the quality of our reserve readiness. Those are tough tests, Mr. Chairman.

Senator **Humphrey**. All right. Page 7 of your testimony, "additional equipment requirements that are programed to be held at either Albany, Ga. or Barstow, Calif., until required by mobilization, are not adequate to satisfy total needs." Your fiscal year 1983 procurement funds are being used to reduce these shortages.

How great are the shortages and what is going to be the effect of the 1983 budget?

General **Maloney**. We are making progress in filling some of those in a gradual way across the 5-year defense program. I can provide those numbers.

Senator **Humphrey**. Shortages will be fewer, less in 1984 versus 1983?

General **Maloney**. Yes, sir. General Olmstead has those specific answers.

F/A-18 OPERATIONAL UNIT

Senator **Humphrey**. All right. You stress the F/A-18. You now have one unit operational; is that not correct?

General **Maloney**. We now have one unit that has the aircraft and are flying them at our Air Station at El Toro, Calif., sir. But as far as being fully operational and being able to deploy, they have not reached that point yet, having received their aircraft in January.

So, in the sense of fully operational, they have not reached that point yet but are well on the road to it. We will have three squadrons possessing the aircraft by this summer.

Senator **Humphrey**. Have you been able to evaluate the aircraft with respect to the range problems? How is it working out?

General **Maloney**. There is an issue relative to the range that the Navy has in its concept of operating off the carriers. This is not a Marine problem as far as range is concerned because the aircraft adequately—as a matter of fact very effectively—meets our goals both as a fighter and an attack aircraft in replacing the F-4.

Senator HUMPHREY. Why are you not worried about the range if the Navy is? You are not always going to be operating from land bases.

General MALONEY. Well, sir, in our concept of operation, we will not always be operating from land bases. We will on occasion be putting our F/A-18 on carriers. But as far as that range issue is concerned we still believe the aircraft can do the job in both the fighter and attack roles.

SEALIFT

Senator HUMPHREY. Is there any improvement in the 1984 budget on Sealift, amphibious lift?

General MALONEY. Yes, sir. We have, again, a steady improvement. As a matter of fact, the program that we have with the amphibious shipping program within the Navy's 600-ship Navy package, if you will, quite adequately solves our problem across the next years—actually until the end of this century—in a gradual way.

That is why we want to have the program supported across those years.

Senator HUMPHREY. Is there going to be a net improvement in 1984? I noticed that we retired five LSD-28's.

General MALONEY. We will have a short dip in total lift capability as the 28's go out before the 41's come on line.

Senator HUMPHREY. When are those 28's being retired?

General MALONEY. They actually have completed their service lives.

Senator HUMPHREY. They are being retired in 1984, 1983?

General MALONEY. Two will be retired in 1983, two more in 1984 and the last one in 1985. They are being retired incrementally.

Senator HUMPHREY. And when are the 41's coming in?

General MALONEY. The 41's will not come in—let me get that year. The first is 1985.

Senator HUMPHREY. I am sorry, say that again.

General MALONEY. The first is in 1985.

Senator HUMPHREY. So, our amphibious situation is actually degrading for the next year or two.

General MALONEY. Yes, sir. We will be slightly shorter on our total lift as the 28's go out before the 41's come on line.

Senator HUMPHREY. What are the plans regarding the LCAC?

General MALONEY. The landing craft, air cushion plans call for delivery in 1986 of six of the vehicles, and a package that would be built up to a total of approximately 100.

Senator HUMPHREY. Thank you, General Maloney.

General MALONEY. Thank you, sir.

Senator HUMPHREY. General Hatch, I guess you have agreed to go next.

General HATCH. Yes, sir, if I may.

Senator HUMPHREY. Our next witness, Lt. Gen. H. A. Hatch, Deputy Chief of Staff for Installations and Logistics.

STATEMENT OF LT. GEN. HAROLD A. HATCH, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, HEADQUARTERS, U.S. MARINE CORPS

General HATCH. Senator Humphrey, I am particularly pleased to be able to return before this committee. As General Maloney mentioned, we certainly appreciate from the Marine Corps' viewpoint the assistance that this committee and other committees of the Congress have provided us in the past year.

I have prepared a written statement for the record and request it be included in the record.

Senator HUMPHREY. Yes.

General HATCH. Also, I have a series of lap charts. I would like to use those to walk through the operation and maintenance appropriation for the Marine Corps.

Senator HUMPHREY. Fine.

EQUIPMENT SUSTAINABILITY

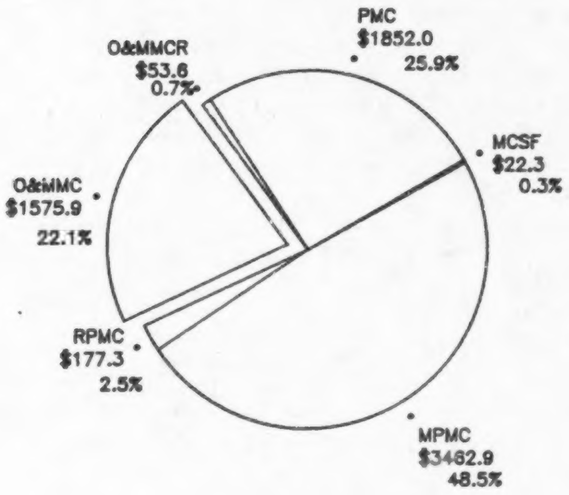
General HATCH. You have already suggested a couple of questions in areas that I can talk to as pertains to equipment and sustainability.

Senator HUMPHREY. Fine.

General HATCH. I suspect that sustainability would best be covered during the closed session that I understand we are going to have.

The first of these lap charts shows the Marine Corps' 1984 President's budget, broken up in a pie-chart form. As it always does, it reflects people as our biggest cost because we are a very manpower-intensive force. It shows operation and maintenance at about 22.1 percent of our 1984 budget. In fact, that was 20.3 percent in fiscal year 1983, and there is an increase of about $106 million.

FISCAL YEAR 1984 PRESIDENT'S BUDGET



TOTAL $7144.0
($ IN MILLIONS)

Manpower is about the same and the reserve accounts are about the same. The procurement account has decreased.

If you go to the second page, the objectives of our budget are to improve readiness and sustainability. This tracks fiscal years 1982, 1983 and 1984 and shows the growth from 1983 to 1984.

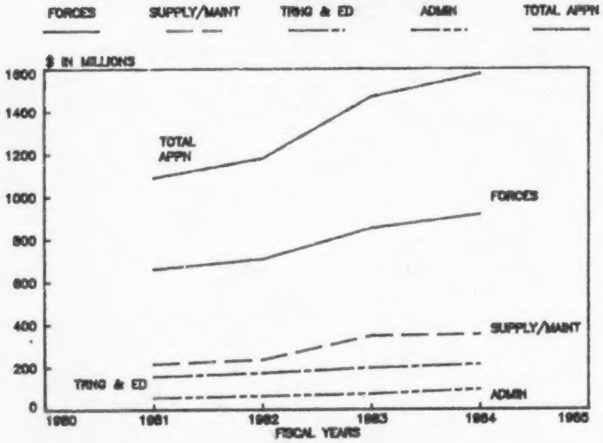
FISCAL YEAR 1984 PRESIDENT'S BUDGET
($ IN MILLIONS)

APPROPRIATION	FY 1982	FY 1983	FY 1984	+/–
MPMC	3,111.8	3,330.9	3,462.9	+ 132.0
RPMC	151.2	170.9	177.3	+ 6.4
O&MMC	1,181.1	1,469.6	1,575.9	+ 106.3
C&MMCR	39.8	51.1	53.6	+ 2.5
PMC	1,709.4	1,977.3	1,852.0	– 125.3
MCSF	13.3	11.8	22.3	+ 10.5
TOTAL	6,206.6	7,011.6	7,144.0	+132.4

For real growth we have about 3.3 percent in manpower, 2.5 percent in reserve pay, 3.5 percent in O&M, 0.2 percent in Marine Corps Reserve and a negative growth of 11.7 percent in procurement. That is an overall Marine Corps appropriation of −0.9 percent real growth.

On the third page we break the operation and maintenance appropriation down into its budget activities, with the total appropriation line on top and the forces, supply and maintenance, training and education, and administration track for 4 years, 1981, 1982, 1983, and then 1984 at the bottom of the chart.

OPERATION AND MAINTENANCE, MARINE CORPS
BUDGET ACTIVITY SUMMARY($ IN MILLIONS)

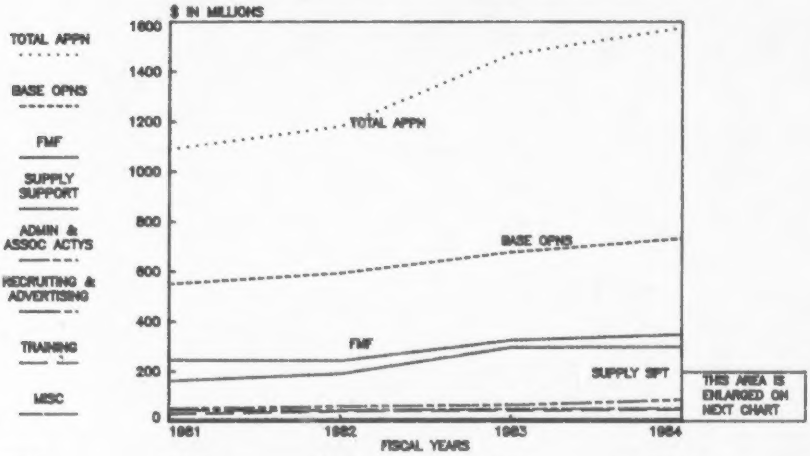


FORCES	661.2	708.4	851.5	915.8
SUPPLY/MAINT	215.2	235.3	347.4	352.3
TRNG & ED	156.2	172.7	196.8	212.5
ADMIN	57.2	64.7	73.9	95.3
TOTAL APPN	1089.8	1181.1	1469.6	1575.9

Looking at those figures from 1983 to 1984 it would appear that supply and maintenance does not grow very much, and that Admin does. This really is based upon a $13.3 million shift at the direction of OSD Comptroller to get us in conformance with the other services, covering items such as postal meters, employee compensation, and indicia mail that we have been carrying in supply and maintenance and we have now moved to Admin costs. So, it looks like Admin cost has gone up but, in fact, it is a shift.

On the fourth page we break the same appropriation down into missions. Being responsible for operation and maintenance in the Marine Corps, this is really how we look at it. The comptrollers and accountants look at it by budget activities but the fact is, we also have to look at it in terms of how the money is spent.

OPERATION AND MAINTENANCE, MARINE CORPS
MISSION SUMMARY ($ IN MILLIONS)

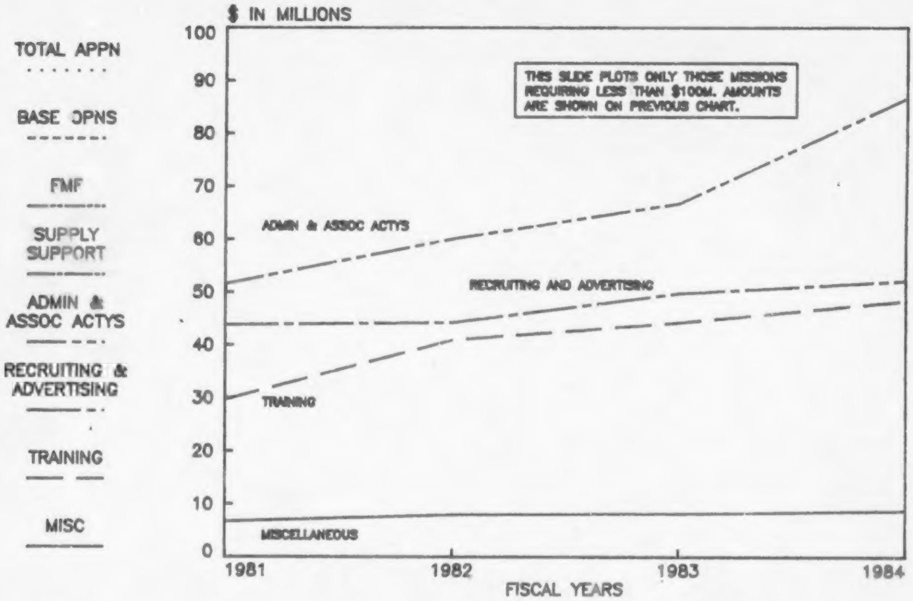


BASE OPNS	550.9	593.9	677.9	732.1
FMF	245.2	242.7	325.6	348.7
SUPPLY SPT	162.0	191.1	297.0	299.0
ADMIN/ASSOC	51.6	60.1	66.8	86.7
RECRUTNG/ADVER	43.8	44.3	49.8	52.2
TRAINING	29.7	41.0	44.3	48.4
MISCELLANEOUS	6.7	8.0	8.2	8.8
TOTAL APPN	1089.9	1,181.1	1,469.6	1,575.9

Base operations being our highest, then the Fleet Marine Force, and supply support. Those four lines at the bottom that you cannot possibly read on this chart are blown up on the next chart, but have a considerably different scale.

If you will note on chart 5 you will see that shift in admin and associated activities reflected by the $13.3 million transfer from supply support.

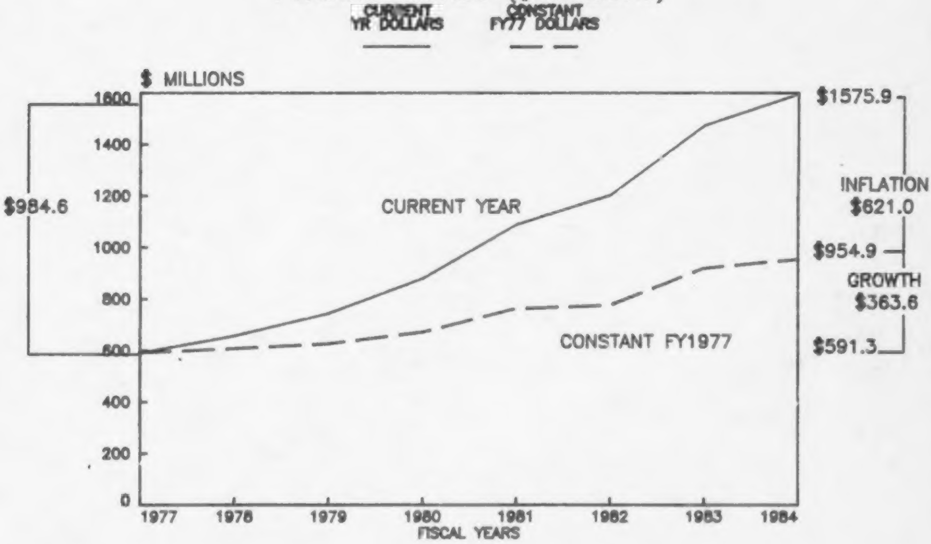
OPERATION AND MAINTENANCE, MARINE CORPS
MISSION SUMMARY ($ IN MILLIONS)



THIS SLIDE PLOTS ONLY THOSE MISSIONS REQUIRING LESS THAN $100M. AMOUNTS ARE SHOWN ON PREVIOUS CHART.

On the next chart I show the growth in the operation and maintenance appropriation from 1977 to 1984. In that 7 years we had 63 percent inflation and 37 percent growth. As I mentioned earlier, the Marine Corps' O&M growth, real growth, this year is 3.5 percent. That is the lowest of the four services and it is against an average OSD or DOD of 7.6 percent.

OPERATION AND MAINTENANCE, MARINE CORPS
FUNDING TRENDS ($ MILLIONS)



CURR YR $s	591.3	657.5	745.1	880.2	1089.8	1181.1	1469.6	1575.9
FY1977 $s	591.3	607.5	626.8	671.1	763.0	776.7	919.7	954.9

On the following page are the significant program changes from 1983 to 1984. The growth in FMF support—and maybe I should say these cover fiscal years 1982–84, the difference between 1983 and 1984; how much of it is inflation growth and how much of it is program growth.

OPERATION AND MAINTENANCE MARINE CORPS

SIGNIFICANT PROGRAM CHANGES FY83 TO FY84 ($MILLIONS)

	FY82	FY83	FY84	DIFF	INFL	PROG
FMF SUPPT	212.4	300.0	323.0	23.0	11.2	11.8
UNIT DEPL	30.3	25.6	25.8	0.2	–0.1	0.3
FMF LOGIS SUPPT	108.2	174.2	177.2	3.0	14.4	–11.3
DEPOT MAINT	69.3	107.5	106.3	–1.2	–2.6	1.4
RPMA	381.5	405.2	435.7	30.5	13.1	17.4
HABITABILITY	23.1	28.8	29.1	.3	.3	0
OTHER BASE OPS	202.9	259.2	282.7	23.5	8.9	14.6
ADMIN	60.2	66.8	86.8	20.0	2.2	17.8
FORMAL ED&TRNG	41.0	44.3	48.4	4.1	1.4	2.7
RECRUTNG&ADVER	44.3	49.8	52.2	2.4	2.2	0.2
OTHER	8.0	8.2	8.8	0.6	0.4	0.2
CONTR SUPPT SVCS (PB–21)	(8.9)	(11.5)	(13.9)	(2.4)	(.7)	(1.7)
TOTAL APPN	1,181.1	1,469.6	1,575.9	106.3	51.4	54.9

FMF support is primarily maintenance of equipment and training. Unit deployment is primarily phase 6 of our unit deployment program. FMF logistics support shows a decrease that is based upon a large prepositioning program that we had last year. That was a 1-year program so there is not really a big decrease in FMF logistics support.

FMF maintenance continues with small growth, primarily to get it down to zero.

Senator HUMPHREY. Let me interrupt you there.

General HATCH. Yes, sir.

Senator HUMPHREY. Do you have figures on your backlog maintenance?

General HATCH. I do. In fact, I will have a chart later on that which shows exactly where we are in both of those programs, sir.

Senator HUMPHREY. Likewise real property maintenance?

General HATCH. Yes, sir.

Habitability continues, has no growth. Other base operations are primarily civilian personnel, support for the drug programs and the A–76 contracting program.

Admin, I mentioned earlier, had a $13.3 million transfer from other accounts that make that growth.

In formal education and training, the growth is primarily in the veteran's educational assistance program and factory training. In recruiting and advertising, the growth is almost all inflation; a very small growth in recruiting which is the bulk of that program, with $14.4 of the total program in advertising.

Contractor support services, the growth is in contracting engineer-tech services only.

If we go to the following page, I have broken out those programs that relate to readiness. The inflation has been stripped out here so that we are looking only at real growth.

OPERATION AND MAINTENANCE, MARINE CORPS

FISCAL YEAR 1984 ($MILLIONS)

COMBAT READINESS—RELATED INCREASES

EXERCISES	FY83	INCR	FY84
NTPF	3.1	4.0	7.1
MATERIEL			
INITIAL ISSUE NEW EQUIP	45.1	11.5	56.6
SUPPORT OF NEW EQUIP	16.0	18.5	34.5
DEPOT MAINT OF EQUIP	105.5	17.2 1>	109.6
MANPOWER			
UNIT DEPLOYMENT	25.6	1.2 2>	25.8
SUPPT MILPERS M/Y INCR		2.2	2.2
STRUCTURE			
LAV (TOT, TECH ASST, ETC)		1.9	1.9
PREPOSITIONING			
MPS (PURCHASE, PREP & TOT	15.6	21.3	36.9

1> OFFSET BY $13.1M COST DECREASE

2> OFFSET BY $1M REDUCTION IN FUNDING DUE TO SCHEDULING

The near term pre-positioning force is the first program under exercises. It has an increase primarily to permit us to exercise the NTPF materiel in the Indian Ocean with the forces that are associated with it. We already have had one very small exercise using just one of the several ships. We hope to be able to expand that in the year 1984.

In "materiel," new equipment consists of fragmentation vests and helmets that we use in the tanks and in the LVT's, Palcons, and squadcons which are storage units, and NBC equipment.

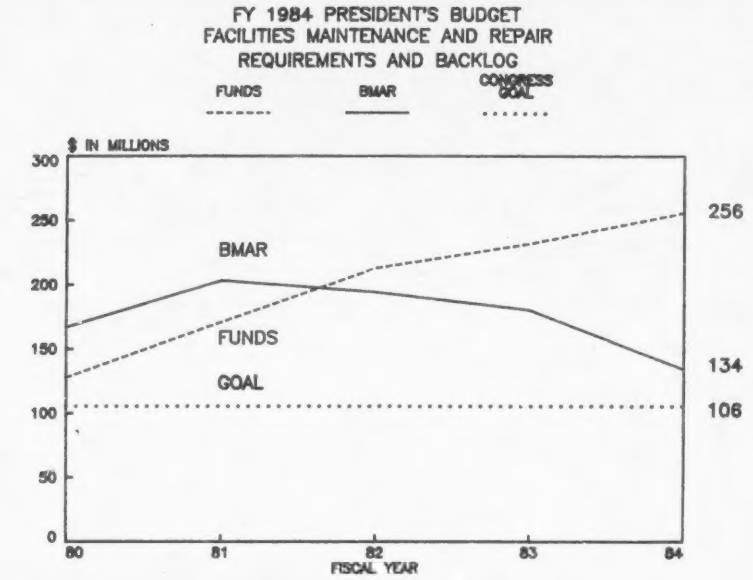
Support of new equipment is associated with the introduction of new equipment and the maintenance of it. The depot maintenance of equipment includes MOD's. MOD's are modifications, I am sorry, Fleet Marine Force, equipment which is outstanding in the backlog, a 5-ton truck retrofit that is going to enhance our readiness considerably making use of the old chassis and other condition-coded material that needs to go through depot maintenance.

In manpower I mentioned the unit deployment and this takes us now through phase 6. The supply support is just the $945 per man that we add in operation and maintenance costs to support additional accessions to the Marine Corps.

Structure, a little structure change primarily in the LAV. Prepositioning is both the Norway and the maritime pre-positioning, but the money that appears in the growth in maritime pre-positioning includes transportation and preparation.

So, a pretty good chunk of our growth is going to the readiness of the Fleet Marine Force.

The next chart reflects the direction our backlog of maintenance and repair has taken and you see a very strong dip from 1983 to 1984, thanks primarily to the $20 million add-on by the Congress last year that has enabled us to get back toward the containment level.



	80	81	82	83	84
PY BMAR	130	167	203	194	180
NEW REQR	165	207	204	218	210
TOT REQR	295	374	407	412	390
$ APPLIED	128	171	213	232	256
BMAR	167	203	194	180	134

As our program exists today, we will be back to the containment level established in 1978 of $106 million in fiscal year 1988.

The following page shows our backlog of depot maintenance for materiel. As directed, it will be reduced to zero with the funding levels that are provided in this appropriation.

MARINE CORPS DEPOT MAINTENANCE PROGRAM
($ MILLIONS)

	FY 1982	FY 1983	FY 1984
REQUIREMENT	82.8	107.3	107.9
PROGRAM	70.6	107.0	107.9
(O&MMC)	(69.3)	(105.5)	(106.3)
(O&MMCR)	(1.3)	(1.5)	(1.6)
BACKLOG	12.2	.3	0

The last page of my presentation is on the civilian personnel that are supported by the operations and maintenance budget. The changes under direct fund and reimbursable include additions that are going to contribute both in the ICP and the program management of several of our programs, and some base support.

MARINE CORPS CIVILIAN PERSONNEL END STRENGTH
FISCAL YEAR 1984 PRESIDENT'S BUDGET

	FY1982	FY1983	FY 1984	+/−
O&MMC				
DIRECT FUND	13,716	14,673	15,030	+357
REIMBURSIBLE	1,967	2,008	1,931	−77
O&MMCR				
DIRECT FUND	159	211	211	+0
MCIF	1,436	1,445	1,445	+0
FNIH				
DIRECT FUND	2,764	2,819	2852	+33
REIMBURSIBLE	149	182	149	−33
TOTAL	20191	21,338	21,618	+280

Deducted from that, of course, are the 77 that you see there, 49 of them by program decision. Some are moving by virtue of the Oahu housing consolidation under a single manager out there. The 33 that you see down under foreign national hire is really a shift of civilian spaces between us and the Air Force on Okinawa.

So, we have a total growth then of 280 people in fiscal year 1984. Of that 280, 134 of them are associated with the maintenance of the first maritime pre-positioning program, some to the finance center, some to Albany; some to the unit level switch program and some to supply support.

Senator Humphrey, that completes my presentation and I will now be glad to answer any questions, either at this time or in closed session, sir.

[The prepared statement of Lt. Gen. Harold A. Hatch follows:]

PREPARED STATEMENT OF LT. GEN. HAROLD A. HATCH, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS

Mr. Chairman and members of the committee. I am Lieutenant General Harold A. Hatch, Deputy Chief of Staff for Installations and Logistics, Headquarters, U.S. Marine Corps. I am pleased to have this opportunity to present to you the Operation and Maintenance, Marine Corps budget request for fiscal year 1984.

First, I would like to express the Marine Corps' sincere appreciation for the understanding and strong support of the Congress during the past three budget reviews. As a result of the additional operation and maintenance funding you have provided, a marked decrease has been made in the backlog of maintenance and repair of real property, as well as an enhanced level of readiness in the operating forces and improvement in the habitability of our supporting establishment.

I can assure you that the Marine Corps is committed to managing its financial and personnel resources to provide the best combination of equipment, maintenance and training which will insure success in combat.

The Marine Corps' fiscal year 1983 Operation and Maintenance budget totals $1,496.6 million. Unlike past years we are currently not requesting a supplemental but will be submitting a reprograming request for the 25 percent absorption of the military and civilian pay raises.

The fiscal year 1984 Operation and Maintenance, Marine Corps budget request is $1,575.9 million, an increase of $106.3 million over the previous year. This includes $51.4 million for Department of Defense approved inflation increases and $54.9 million net real program growth over fiscal year 1983.

The funds contained in the Operation and Maintenance, Marine Corps appropriation are intended primarily to maintain the combat readiness and rapid deployment capability of two Fleet Marine Forces composed of three Marine Amphibious Forces task organized from three Marine Divisions, Marine Aircraft Wings and Force Service Support Groups. Funds are also provided for Marine detachments afloat and security forces assigned to Naval Stations and other government activities ashore. Shore facilities which support the Fleet Marine Forces and other training functions include four major ground unit support bases, ten air installations, two recruit depots, two logistics bases, a development and education command, and two landing force training commands.

Combat readiness has always been the hallmark of the Marine Corps. Although operation and maintenance funding is not the only yardstick for readiness measurement and thus cannot be considered in isolation, approximately $78 million of the increased funding contained in the budget request is for improved readiness. These increases have been partially offset by some $49.0 million in either one time fiscal year 1983 requirements or programs which have been completed. This readiness-related funding may be grouped into five major categories: exercises, material, manpower, structure, and prepositioning.

Recognizing that we must exercise our plans and train our units if we are to maintain the readiness of our forces, we are requesting $7.1 million, an increase of $4.0 million, for exercises to test our plans for the employment of Near Term Prepositioning Forces equipment.

Materiel readiness improvements requested will support the repair, rebuild, and modernization of existing equipment and provide our combat units with the equipment needed to train and, if necessary, to fight. The $47.2 million requested for materiel readiness improvements will support a broad range of programs including additional requirements in support of new equipment being fielded in fiscal year 1984. Other materiel readiness items requested support the new MC-140 family of helmets; portable decontamination apparatus; individual shelters and lightweight camouflage screening systems; increased operating stocks of spare parts and equipment needed to support the Fleet Marine Forces; and additional funding to eliminate the backlog of tactical equipment awaiting major repair, rebuild or modification.

Manpower programs which directly support readiness have increased by $2.4 million in fiscal year 1984. Supported by this request is the annualization of Phase VI of the six-month unit deployment program of Marine ground and aviation units to support commitments in the Western Pacific area completed in fiscal year 1983. The program has successfully reduced personnel turbulence, increased family stability, and allowed greater unit integrity and identity. It has been in fact so well received in our ground and combat aviation communities that we are considering the expansion of this program into support units. The additional costs of unit deployment are offset by less permanent change of station costs.

Additionally, we are requesting funding to support the military personnel increases requested for fiscal year 1984. We are requesting $1.9 million to support structure or organizational requirements to provide initial logistics support for the introduction of the light armored vehicle.

One of our most innovative programs is that associated with strategic mobility enhancing maritime prepositioning, which will materially enhance the Marine Corps' rapid deployment capability. We are requesting $36.9 million, an increase of $21.3 million, for supplies and equipment, and costs associated with the receipt, preparation, and transportation of equipment required to load out the first brigade for the Maritime Prepositioning Ships Program. The Land Prepositioning Program, inaugurated by the U.S./Norwegian storage agreement of 6 October 1982, resulted in initial deliveries of material in November 1982. The fiscal year 1984 O&MMC request is based on the planning assumption that some permanent storage facilities will be available by 1985. If, in fact, construction of the facilities is delayed, review of the O&MMC request is required to insure proper phasing of deliveries with storage availability. We anticipate a firm construction schedule by end of this year.

The quality of life of the individual Marine remains one of the Marine Corps' primary concerns. The gains made in fiscal year 1982 are allowing substantial improvements in living and working conditions, thereby enhancing morale and retention and directly supporting enhanced readiness. To maintain the momentum of these gains, $29.1 million, an increase of $3.5 million is requested for new personnel support equipment such as bunks, desks and other furnishings, modern food serving and preparation equipment to enhance the clean, efficient operation of our dining facilities and collateral equipment needed to place in operation those facilities scheduled for completion in fiscal year 1984.

One major area of improvement over prior years is the decrease in the backlog of maintenance and repair (BMAR) of real property. With the additional Fiscal Year 1983 Congressional funding in Maintenance of Real Property and with the resources allocated for this purpose by the Marine Corps, the projected BMAR at the end of fiscal year 1984 will decrease by $46 million to $134 million. At currently anticipated levels of funding, the Congressionally mandated BMAR containment level of $106 million will be attained in fiscal year 1988.

An increase of $6.2 million is requested to enable the conversion of military personnel to either in-house civilian or private contractor performance. The Marine Corps will conduct commercial activities program reviews to determine whether a function, currently performed with a mix of civilian and military personnel, must be retained in-house for national defense reasons. Functions determined to be not military essential will be scheduled for a commercial activities program cost comparison, by announcement to the Congress. Upon completion of the cost comparisons, these funds would enable the return of approximately 478 Marines to the Fleet Marine Forces (FMF), thereby increasing readiness.

The following displays the trend in Operation and Maintenance, Marine Corps funding from fiscal year 1980 to fiscal year 1984.

[By fiscal years; in millions of dollars]

	1980	1981	1982	1983	1984
Current dollars	880.2	1,089.8	1,181.0	1,469.9	1,575.9
Constant dollars (fiscal year 1977)	671.1	763.0	776.7	919.7	954.9
Real growth (percent)	7.1	13.7	1.8	18.4	3.5

The funds appropriated in fiscal year 1983 and those being requested in fiscal year 1984 will significantly contribute to the Marine Corps' ability to remain the Nation's most responsive fighting force with a mimimum essential supporting establishment. To the extent that the anticipated cost growth matches the actual price increases, the operation and maintenance appropriation will have the necessary resources to fulfill our mission.

Mr. Chairman, this concludes my formal statement. I would welcome the opportunity to respond to any questions you may have.

Senator HUMPHREY. Thank you, General Hatch.

Referring to page 1 of your full statement, you are planning to submit a reprograming request for 25 percent of the absorption of the military and civilian pay raises.

Where is that going to be taken from?

General HATCH. At this point I cannot tell you, sir.

Senator HUMPHREY. You are looking at a 1984 O&M budget of $1,575.9 billion, an increase of $106.3 million over the previous year. Minus inflation, that is 54.9 real net growth. Now, you have a larger force at the same time to apply that.

So, how much real growth is that, considering the fact that force growth has also increased, force size?

General HATCH. The growth in our force, Senator Humphrey, is a relatively small amount in that we really take $946 per individual for the O&M cost per individual. Hence, a strength growth in the Marine Corps of some 2,700 people then relates to a relatively small number.

Senator HUMPHREY. What I am getting at is that 54.9 net real growth is not negated by the increased force size; is it?

General HATCH. It is not.

Senator HUMPHREY. Is that a real figure, the 4.9?

General HATCH. It is a real figure. If you recall the lap charts, I really had a total of 77.8 of increases in programs. This is negated by a minus 49 of 1 year programs such as authorized medical allowance lists that we bought out last year, or dental lists that we bought out last year; some cold-weather clothing, supply support, depot maintenance.

So that I have a pretty good growth in Fleet Marine Force improvement. Other than that 49, I have 3.5 going to the personal support equipment which you can say is not necessarily readiness related but it is certainly quality-of-life related. We have an increase in maintenance of real property of 17.4. That consumes the total growth in our program.

But most of it is going to those things where we need it and not being consumed by structure.

Senator HUMPHREY. Thank you, General Hatch.

General HATCH. Yes, sir.

Senator HUMPHREY. Our next witness in Maj. Gen. Stephen G. Olmstead, Deputy Chief of Staff for Reserve Affairs, Headquarters, U.S. Marine Corps.

General Olmstead?

STATEMENT OF MAJ. GEN. STEPHEN G. OLMSTEAD, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS, HEADQUARTERS, U.S. MARINE CORPS

General OLMSTEAD. Thank you, Mr. Chairman, I too an quite honored to have the opportunity to come before you and your committee.

I previously submitted a written statement which I am sure the committee has and with your indulgence, sir, I would like to give a brief oral statement.

Senator **Humphrey**. Fine.

READINESS TRIAD

General **Olmstead**. The Marine Corps Reserve in the past year has really had a year of renaissance. If one were to look at the three legs of the triad of readiness which we are all concerned with, people, training, and equipment we have done quite well.

Let me first address the people. You asked the question just a little while ago, sir, about people when you referred to achieving 105 percent of our recruiting goals during the last year. We got quality people. One of the signals of the quality was, of course, that 87 percent were high school graduates. I have every reason to believe that this year we will do equally as well. I think that the number of high school graduates will continue to go up.

PERSONNEL

That indicates to us that we are getting the type of young men and women who are prepared to meet some sort of a challenge.

The people portion of the readiness triad is not perfect. We do have some problems, as General Maloney indicated, in the matching up of MOS's. We are working on that in the Reserve program now. We have a very active prior-service recruitment program where we tie into the separation centers from the major camps, thus giving us a string, or an attachment to people who are being released from active duty. We go to them to see if they would want to come into the Reserve to use the talents that they learned on active duty.

This is a new program, it has only been in full swing since February 1 of this year, but the figures I get are very encouraging, something like 160 percent of our goal, with 90 percent of the MOS match. I think that that problem is being resolved.

TRAINING

In the area of training, sir, you previously referred to the 29 units which received the MCCRES. The MCCRES is the examination that we give to our active-duty units, and it is only just in recent years that we have felt capable to meeting the challenge and doing it with our reserves. Last year they demonstrated they are meeting that challenge in a superb manner.

I do not have an exact figure on how much of an increase we are going to have this year, but we will give the examination to everybody that we can. We will give them that stringent active-duty challenge, the same combat examination that we give our active duty people.

We are trying to make the training more in line with what they would be performing if they were going to go into a contingency-type of operation. We are doing more training with the Reserves out at Twentynine Palms, in our training center there. We have recently completed two major combined armed exercises for the Reserves in which MAU-size units or greater were participating.

We are doing more training with the Active Forces overseas. We have just had some units come back from a very stringent cold-weather operation in Norway. We participated in training in Germany, Denmark, and in Norway last fall, and last month we had a major input to the largest free-world operation ever in Korea.

So, the type of training that we are doing is more realistic now and in line with what Reservists would be called upon to do if they were brought back to active duty.

The third leg of the triad of readiness, of course, would be the equipment. The question is do we have the equipment which we want to go to war with.

EQUIPMENT

We do not have all the equipment that we think we would need if we went to war, but we do have the equipment to meet our training requirement. We have adequate equipment now in the home training centers for the Marine Reservists to have the opportunity to train and work with the type of equipment that they would be going to war with.

Currently we have a program which we feel is satisfactory to obtain the additional items of equipment that are needed so that if we do have to go to war the Reserves will be fully equipped.

The plan would have that just about taken care of by 1988 if present funding levels remain intact. I think it is on track.

So, basically the three legs of the triad of readiness are looking stronger than they ever have in the Marine Corps Reserve. We are proud to be, as General Maloney said, a third of the total force.

Sir, that concludes my opening remarks and I certainly would welcome any questions you or the committee might have.

[The prepared statement of Maj. Gen. Stephen G. Olmstead follows:]

PREPARED STATEMENT OF MAJ. GEN. STEPHEN G. OLMSTEAD, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS

Mr. Chairman, Distinguished Members of the Committee: It is a privilege to appear before this committee to present the annual report on the posture of the Marine Corps Reserve. I am pleased to report that the Marine Corps Reserve stands ready to join with the Active Force in the defense of our Nation's interests.

The Marine Corps Reserve provides the Marine Corps total force fully one-third of the manpower and one-fourth of the structure available upon mobilization. Our Ready Reserve, consisting of the Selected Marine Corps Reserve (SMCR), and Individual Ready Reserve (IRR), serves as the primary source of this manpower and provides a 4th Division/Wing Team (4th DWT) with the balanced combat, combat support and combat service support needed by the Active Fleet Marine Forces to achieve their full wartime capability.

With the assistance of Congress and the Administration, Fiscal year 1982 became a year of transition for the Marine Corps Reserve. Modernization and enhancement efforts were initiated that will carry us through Fiscal Year 1988. This fiscal year, we are managing and consolidating these efforts and with the continuing support of the Congress in Fiscal Year 1984, we will maintain our initiatives to achieve full and measurable readiness.

ORGANIZATION

The Marine Corps Reserve consists of both Active and Retired categories. The 93,351 man Active Reserve, along with its assigned support personnel, contains the Selected Marine Corps Reserve (SMCR), Individual Ready Reserve (IRR) and Standby Reserve, as well as Active Duty Support personnel. (Figure 1 refers).

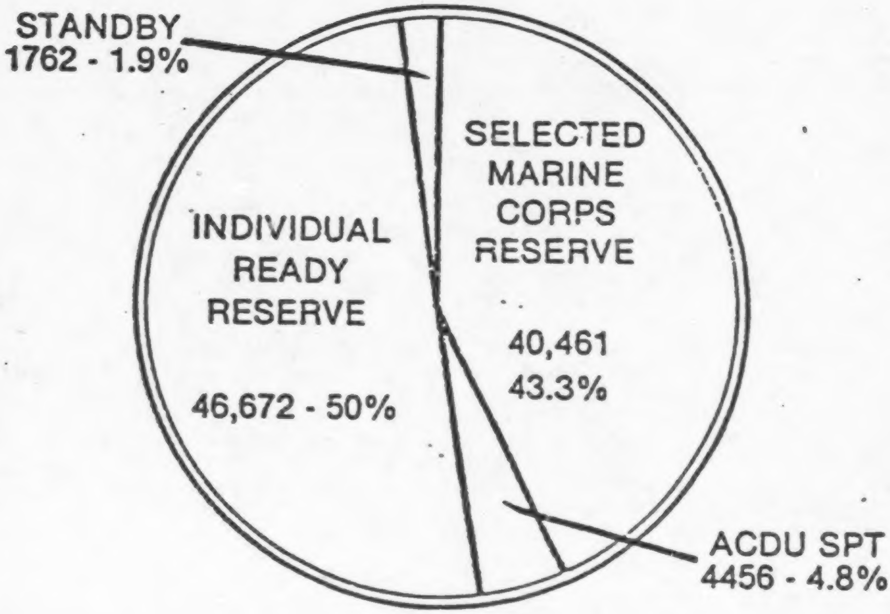


Figure 1

The preponderance of SMCR personnel form the 4th Marine Division (MarDiv), 4th Marine Aircraft Wing (MAW) and 4th Force Service Support Group (FSSG). The remainder of the SMCR consists of Full Time Support Personnel (FTS) and Individual Mobilization Augmentees (IMA) who will staff those mobilization billets within the Active Force which are considered critical for fill within the first 10 days.

The IRR consists of members of the Ready Reserve who are not required to attend mandatory drills or training, but may do so on a voluntary basis. They are subject to mobilization to meet replacement requirements of mobilized units, to form new units or to replace combat losses. With approximately 50 percent of the IRR having been off active duty less than two years, these Marines constitute an important source of trained and experienced manpower.

The Standby Reserve consists of members of the Reserve Component other than those in the Ready Reserve or the Retired Reserve. The Standby Reserve provides additional manpower to augment Active and Reserve Forces in a national emergency declared by the Congress. If mobilized, Standby Reservists would require refresher training.

Active duty support is provided by active duty personnel who assist in commanding, administering, instructing and training the Reserve Component.

MISSION

It is the Commandant's policy that Marine Corps Reserve units be maintained to support the assigned wartime and contingency missions of the Marine Corps. Therefore, we are prepared to employ trained units to selectively augment and reinforce the Active Force, provide a Marine Amphibious Brigade (MAB) or, if augmentation/reinforcement is not ordered, provide a 4th Division/Wing Team (4th DWT).

In addition to this employment of SMCR units, we will use our IMA's to support key mobilization billets within the Active Force on, or shortly after, Mobilization Day (M-Day). Members of the IRR and Standby Reserve serve as a prime source of qualified individuals to fill shortfalls in Active and Reserve units. Retired reservists can be used as a source of manpower to fill the continental United States (CONUS) supporting base and those operating force billets that can be filled by non-combatants.

PERSONNEL READINESS

Concerns with personnel readiness and quality are paramount. In keeping with Congressional and Defense guidance to achieve wartime strengths in the Selected Reserve, we are requesting authority for an average SMCR strength of 40,300 in fiscal year 1984. Approval will provide for both our planned and programed growth. Our previous optimism that the SMCR could achieve wartime strength by the middle of this decade has been validated thus far by our attainment of 105 percent of the planned SMCR fiscal year 1982 end strength of 38,540, ending the year with a total SMCR paid strength of 40,461.

With regard to the quality of our Reserve Force, 88.5 percent of our fiscal year 1982 nonprior service accessions were high school graduates, a gain of 4.6 percent from fiscal year 1981. Overall, 87 percent of our SMCR personnel are at least high school graduates, a gain of three percent from fiscal year 1981. Personnel readiness has been augmented by expansion of the Full Time Support (FTS) program. FTS personnel are reservists on full time active duty to assist in recruiting, organizing, instructing, administering or training the Reserve Component or to participate in preparing and administering the policies and regulations affecting the Reserve Component. From an austere beginning of 67 individuals in 1981, FTS strength is programmed to reach 801 by the end of fiscal year 1984. FTS personnel are presently assigned to 17 major commands, including Headquarters Marine Corps (HQMC).

During fiscal year 1982 a structure modernization effort was begun to mirror the 4th Marine Division's structure with that of its active counterparts and to increase the combat service support capability of the 4th Force Service Support Group. Initiatives resulted in 62 unit redesignations and a five percent reduction in previous grade and skill shortages.

Despite increases in total manning, degradation in certain critical military occupational skills (MOS) continues to be of concern. Demographics, population transience and shortfalls in prior-service accession and career Reserve retention, as well as the time needed to complete training and to equip those personnel in units recently redesignated are all contributing factors. With the establishment of the Reserve prior service recruiting force, with progress in our automated management systems and with the continued execution of a balanced and aggressive training and unit education program, we are resolving many of these difficulties this fiscal year and hope to achieve a measurable increase in MOS readiness in fiscal year 1984.

TRAINING READINESS

We have determined that a measurable relationship exists between the type of training Reserve units conduct and our ability to retain members in key MOS's and grades. The retention of these valuable manpower assets is essential to the maintenance of our readiness. To enhance retention in critical skills and grades, our goal is to make unit training as realistic and challenging as possible. To this end, fiscal year 1982 goals included conducting more training away from home training centers and increasing emphasis on the year-round integration of Reserve unit training into Active unit training schedules. To assist in accomplishing these goals, exercise funding was increased in fiscal years 1982 and 1983 and an increase will again be requested for fiscal year 1984.

Our sources in both the quality and quantity of Reserve training conducted has been impressive. We will continue to stress participation in the same training programs used by Regular Marines. During fiscal year 1982, Marine Corps Reservists trained with active duty Marines in joint or combined exercises in Korea, Iceland, Norway, Denmark, Germany and the Caribbean.

In CONUS, almost 12,000 reservists sharpened their skills in seven major Reserve exercises, to include two Combined Arms Exercises (CAX) at the Marine Corps Air Ground Combat Center, 29 Palms, California.

Additionally, three Reserve Battalions completed the summer/winter mountain training courses at the Marine Corps Mountain Warfare Training Center, Bridgeport, California.

Also, during fiscal year 1982, 29 SMCR units were tested for combat readiness using the active force criteria found in the Marine Corps Combat Readiness Evaluation System (MCCRES). This constituted a 45 percent increase in the number of units tested in fiscal year 1981, with 90 percent of the units tested proven combat ready. In fiscal year 1983, we are again increasing the number of units being testing and intend to continue this trend through fiscal year 1984.

Initiatives to improve mobilization readiness were tested during the recent JCS exercise "PROUD SABER." In addition, 131 separate unit mobilization tests were conducted during Fiscal Year 1982. Results indicate considerable improvement over previous years and emphasize that we are on the right track with our enhancement of mobilization management techniques.

Finally, we will continue to stress our on-going Reserve Counterpart Training (RCT) program. This program allows members of the IRR to voluntarily participate in a two week program of active duty training with their active duty counterparts. During Fiscal Years 1981 and 1982, 2502 Individual Ready Reservists took advantage of this program and this participation is expected to continue into Fiscal Year 1984.

MATERIEL READINESS AND FACILITIES

Materiel readiness is essential to the Marine Corps Reserve's capability to execute our mission.

While our goals of procuring, issuing and maintaining combat standard equipment for SMCR unit training allowances are being met, additional materiel to be held as stocks and used to completely fill unit Tables of Equipment (T/E) are not yet adequate to satisfy total force needs. Shortages exist primarily in the areas of Communications/Electronics, Engineering, Motor Transport and Ordnance equipment.

The aggregate dollar shortfall of combat reportable items within these commodity areas is approximately $645 million. Fiscal Year 1983 procurement funds are being used to reduce these shortages and, assuming that programmed funding levels remain intact, materiel deficiencies will be largely resolved by Fiscal Year 1988.

An integral part of the Reserve modernization and enhancement effort consists of improving the facilities used by our reservists. With 302 SMCR units situated in 180 separate locations, the condition of many aging Reserve Training Centers is a distinct matter of concern. To maintain acceptable training and habitability standards for our reservists, we need to replace or renovate facilities at almost 80 locations, some of these having been built to temporary standards during World War II.

At this time there exists a $441 million Marine Corps and Naval Reserve construction backlog. Twenty-five point two million dollars were budgeted during Fiscal Year 1983 for facilities renovation and construction and $24.8 million dollars are requested for Fiscal Year 1984.

As the SMCR structure is modified to enhance its reinforcement/augmentation capabilities, and as new equipment is added, we must have adequate facilities to support both the structure change and the maintenance of the equipment provided. Currently there are 48 projects under construction or design and an additional 46 tentatively programed. This will require our constant attention if planned structure and equipment changes are to be accommodated.

FORCE STRUCTURE MODERNIZATION AND ENHANCEMENT

As I have stated, Fiscal Year 1982 was a year of transition for the Marine Corps Reserve. Specific goals for changes to the Reserve DWT force structure were established that will continue through Fiscal Year 1988 and serve to both modernize and enhance our capabilities. All Reserve structure initiatives were designed to complement Marine Corps total force requirements.

During Fiscal Year 1982, we reorganized our infantry battalion structure to match that of the Active Forces and activated additional military police and bulk fuel companies. In October 1982, United States Naval Reserve Medical Personnel were realigned to coincide with 4th DWT organization, enhancing training capability and mobilization readiness. In January 1983, an additional Force Reconnaissance Company was added to the Reserve structure. Additional TOW missile platoons are programed for the infantry regiments and we intend to activate another air/naval gunfire liaison company. Modernization of infantry battalion firepower and mobility programmed through Fiscal Year 1987 includes introduction of the lightweight 60MM mortar, the MK 19 Heavy Machine Gun, the Shoulder Launched Multi-purpose Assault Weapon (SMAW), the Squad Automatic Weapon (SAW), the M16A2 service rifle and the High Mobility Multi-purpose Wheeled Vehicle (HMMWV).

The 4th Force Service Support Group will be enhanced by two additional bulk fuel companies and a beach and port operations company. Additionally, we expect to complete the activation of the 4th Medical and Dental Battalions by Fiscal Year 1988.

The need for a modern Reserve aviation component has been accentuated by the tasking of Reserve squadrons to prepare for contingencies previously assigned to active units. Aviation readiness continues to be affected by those problems associated with aging aircraft and aircraft shortages, principally in KC-130 refuelers and AH-1 helicopters. A partial solution exists in that programing goals through Fiscal

Year 1988 include the upgrade of our CH–46, F–4 and A–4 inventories through the introduction of newer models. As a matter of interest, the first A–4M's and CH–46E's are already entering the Reserve Force this year and increases are scheduled in the CH–53, OV–10A and the AH–1J inventories.

The first of the new KC–130Ts provided by Congress is due to join the Reserve Force in the latter part of this calendar year, but the funding for additional KC–130s to fill our requirements fell short when faced with priorities brought about by a constrained budget.

Finally, steps were taken during Fiscal Year 1982 to provide the management and support needed for increased readiness. These measures include obtaining the FTS personnel needed to assist in organizing, recruiting, training and administering the Marine Corps Reserve and the addition of a new automated management system that replaces antiquated personnel and pay procedures and places the Reserves on a par with the active force. With the help of the additional funds provided by the Congress, our Marine Corps Reserve Support Center in Overland Park, Kansas has greatly increased the capability of the Marine Corps to manage individual Reserve records which exceed 62,000.

BUDGET

Our ability to manage and complete those readiness and modernization initiatives begun during Fiscal Year 1982 are closely tied to budget availability. The additional funds provided last year for the purchase of Reserve equipment served as clear evidence of the continued congressional interest in assisting us in meeting our modernization and readiness goals. Our Fiscal Year 1984 Reserve budget request of $230.9 million will support both our initiatives and an SMCR end strength of 43,365 (40,300 average strength). This represents 3.1 percent of the overall Marine Corps budget and an average real growth of 1.6 percent.

The Reserve Personnel Marine Corps (RPMC) portion of the Fiscal Year 1984 budget request is $177.3 million. Of this amount, $128.5 million will support funding requirements for pay and allowances, subsistence, clothing and operatonal travel for units and individuals during drills and annual training. The additional $48.8 million will support and pay allowances, subsistence, clothing and travel for school and special tours, the FTS program, the Incentive Program, the Platoon Leaders Course and the junior Reserve Officer's Training Corps. RPMC funding increases of $6.4 million over Fiscal Year 1983 levels are requested to accommodate approval increases in SMCR/IMA and FTS end-strengths.

The Operation and Maintenance, Marine Corps Reserve (O&MMCR) portion of our Fiscal Year 1984 requested budget is for $53.6 million to support training, organization and administration of the Marine Corps Reserve. Included within this are $1.9 million required to support current 4th Marine Aircraft Wing squadrons assigned Active Force contingency missions while Active Force units undergo transition from F–4 to F/A–18 aircraft.

CONCLUSION

Mr. Chairman, as I stated initially, the Marine Corps Reserve stands ready.

Our strengths lie in our overall personnel posture and the amount of training that we can afford to offer. Our on-going efforts to both modernize and enhance the Reserve force structure, coupled with our strong emphasis in attaining full materiel readiness and improving our facilities, are tied directly to the budget that you have before you.

While it is recognized that we cannot resolve all of our problems during this fiscal year, the continued support of the Congress will enable us to take positive steps forward. Today, we are in better shape than we have been at any time in the recent past.

Senator HUMPHREY. Thank you, General, we are glad to have that encouraging report.

Where are we in the Standby Reserve, how many people do we need, and what do we have, and where are we going?

General OLMSTEAD. The Standby Reserve is just a small part of what we need. They are the people that we would call on in the event of mobilization.

I believe you previously asked about the number of people we had in the Active Reserve. We have about 93,000 now, Senator, in the Active Reserve; 40,000 of them are in the organized units, the Selected Marine Corps Reserve, and another 45,000 or 46,000—it is a very mobile number—are in the Individual Ready Reserves. Those are the people that we would call on as individuals to augment.

STANDBY RESERVE

In the Standby Reserve, we have about 1,700 people right now, sir. We also have about 4,500 full-time active duty people in our Active Reserve. Those are the people that are supporting training. They are helping particularly with our Marine aircraft wing where you have to have the day-to-day maintenance.

So, the strength of the Ready Reserve is 93,000–93,500 right now, sir.

Senator **HUMPHREY**. By Ready Reserve you mean the Selected Reserve?

General **OLMSTEAD**. The Selected Marine Corps Reserve, the Individual Ready Reserve, Standby Reserve, and the active duty support. There are four elements which make up the Marine Corps Ready Reserve. These are the people that we can call up in the event of mobilization right away.

Senator **HUMPHREY**. All right, but I am still trying to get some idea of how far short we are in the Standby Reserve.

General **OLMSTEAD**. In the Standby?

Senator **HUMPHREY**. Yes.

General **OLMSTEAD**. We are not short in the Standby, sir. I wish I could say we are not short in the Individual Ready Reserve. That is the mobile community which I referred to before. These are the people who have been on active duty and they still have a 2 or 3-year obligation remaining.

Senator **HUMPHREY**. Yes.

General **OLMSTEAD**. We have about 46,000 of those now. That is roughly what we want. We want to keep it at that figure. But if I say 46,000 today, it could easily be 45,000 next week, or 47,000.

They are not paid Reservists, Senator, so it is difficult to keep exact track of how many there are at any one time.

Senator **HUMPHREY**. Yes. Referring to page 7 of your testimony, the statement regarding stocks used to completely fill unit tables of equipment are not yet adequate to satisfy total force needs. Shortages exist in the areas of communications-electronics, engineering, motor transport, and ordnance equipment. The dollar aggregate shortfall, $645 million.

You say you are reducing that dollar figure in 1983. By how much, and what is the situation in 1984?

General **OLMSTEAD**. In the 1984 budget we are requesting $45.6 million, sir.

Senator **HUMPHREY**. In 1984?

General **OLMSTEAD**. Yes, sir, in the budget year.

Senator **HUMPHREY**. How about 1983?

General **OLMSTEAD**. It was a little more in 1983. I can provide you with the exact figures. The reason that it is slightly less in 1984 is that we had an LVT SLEP program that slipped a year, which means that we will bow-wave it in fiscal year 1985 and fiscal year 1986.

MARINE CORPS NAVAL RESERVE CONSTRUCTION BACKLOG

Senator **Humphrey**. All right. Marine Corps Naval Reserve construction backlog, $441 million. Now, what is the trend in 1983 and 1984; is that rising or falling, or what, construction backlog?

General **Olmstead**. I will have to provide the actual trend on the construction backlog. We are not in as good shape as we would like to be, Senator.

Senator **Humphrey**. Is it getting worse?

General **Hatch**. It is staying about the same, sir.

Senator **Humphrey**. In 1983 and 1984?

General **Hatch**. It has for several years and the way we are going it may for several more years. Military construction is one of those areas where it is tough to decide between those things that enhance readiness and things that are viable. It does not shoot, it does not kill anybody, it does not command and control anything. It is just one of the things that you have to have.

Senator **Humphrey**. We are going to go into secret session here in a moment.

Senator Wilson, do you care to ask questions in open testimony before we go into secret session?

Senator **Wilson**. Thank you, Mr. Chairman.

First I would like to greet an old friend, General Olmstead.

General **Olmstead**. Nice to see you, sir.

Senator **Wilson**. I used to know him as the base commander at Camp Pendleton during the period of life when I was mayor of San Diego.

Reading your testimony, General, I was pleased with the comments about the Ready Reserve.

IRR SHORTAGE OF CRITICAL MOS

I guess the only question I would have before we go into secret session is: How many of the IRR fall into those classifications where you find yourself short?

General **Olmstead**. Where we might be short, Senator?

Senator **Wilson**. Yes; in other words, those ordnance-communications, those people with the specialist training. Is there a pretty fair backlog?

General **Olmstead**. Yes; we have 31 of the MOS's which the IRR are supposed to cover which do not meet the 85 percent availability that General Maloney previously referred to.

So, the most critical manpower problem that we have in the Marine Corps Reserves is obtaining proper MOS's. As you might imagine, they are the same ones that industry is finding to be attractive; aviation mechanics, electronic maintenance; I could go on. There are about 31 critical MOS's in the IRR today, sir.

Senator **Wilson**. So, you are long on 03's?

General **Olmstead**. We had the program which we started last fall and got into full swing in February of this year. It is to match up the requirement of the units with the MOS's that they need. We have 180 Marine Reserve NCO's who are in 14 districts throughout the country that tie in to the people who have been recently released from active duty and they try to get that aviation mech to go to the Marine Reserve Unit at El Toro, for example; or the electronic maintenance individual to go to the unit at Memphis.

We are trying to geographically match up these MOS's to the units, sir.

Senator WILSON. And these 50 percent are people who have been out 2 years or less?

General OLMSTEAD. That is the strength of the IRR, yes, sir. They have been recently trained and most of them are very junior officers or sergeants and below. That is a good source of strength that we have in the IRR.

Senator WILSON. Thank you.

General OLMSTEAD. Thank you, sir.

Senator HUMPHREY. Very well, we will go into classified session. Will you appoint someone in your party to insure that everyone is properly cleared?

Those who do not have security clearances are asked to leave at this point.

[Whereupon, at 2:58 p.m., the subcommittee proceeded into executive session.]

EXECUTIVE SESSION

The subcommittee met in executive session, pursuant to recess, at 2:58 p.m., in room 222, Russell Senate Office Building, Senator Gordon T. Humphrey (chairman) presiding.

Present: Senators Humphrey and Wilson.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; Marie Fabrizio, staff assistant.

Also present: Ron Kelly, assistant to Senator Humphrey.

Senator HUMPHREY. I want to inquire about the effect of the operation in Lebanon on the Marine Corps. How is this being funded, to begin with?

General HATCH. The unit that is in Lebanon, Senator, is part of the 6th Fleet that has been in the Mediterranean for years, and years, and years. The cost of them being there is essentially the same as it would cost if they were out there doing exercises or whatever they may have been doing.

I am sure that there are some small incremental costs but we are not asking for additional money. We are absorbing it.

Senator HUMPHREY. You are absorbing it. Where are you absorbing it?

General HATCH. Actually, the funds are those funds that are given to the Commanding General, Fleet Marine Force in the Atlantic. I think we are talking approximately $2.5 million in annual incremental costs.

Senator HUMPHREY. I see. So, it is not having any adverse effect on other programs, other units?

General HATCH. It does not.

Senator HUMPHREY. Is that same situation holding true should we remain there in 1984?

General HATCH. Yes, it would. We would replace those units from Camp Lejeune on the same cyclic basis we are changing them now. They would have been out there running exercises or other training. The point being, it would cost approximately the same as it is costing now.

Senator HUMPHREY. Is our deployment there adversely affecting Marine Corps readiness in other parts of the world?

General MALONEY. Let me answer that, if I might, Mr. Chairman. The actual readiness of that unit that is ashore now has improved because it is ashore in the sense that all of the components of the Marine Amphibious Unit are ashore and exercising, doing Marine things; as opposed to being aboard ship.

So, in one sense we have enhanced our readiness. But the Navy-Marine team readiness to make amphibious landings is getting rusty, if you will. This is due to our inability to conduct amphibious exercise and training drills with our allies on the Mediterranean littoral.

So, in one sense, in a microsense, our readiness has improved but we are concerned about the duration of our deployment there because the other capability atrophies.

Senator HUMPHREY. What do you mean by that?

General MALONEY. The opportunity to exercise with the Italian Marines, the Spanish Marines; working with the Moroccans in bilateral or multilateral exercises are obviously limited because of the continued commitment of our forces in Beirut.

Senator HUMPHREY. Have any unexpected problems arisen that require addressing in the future?

General MALONEY. We know of no special degradations that we can project out into the future. I should reiterate the fact that the unit there does turn over on approximately a 5-month, essentially, a 5- or-6 month cycle. As a result, there are fresh, new people who have a chance to train there.

So, the long-range degradations that one would intuitively anticipate for Marines to be ashore for months and months on end in the same sort of evironment do not occur because of our rotation.

Senator HUMPHREY. Senator Wilson?

Senator WILSON. Thank you, Mr. Chairman.

What have you learned from your experience in Lebanon in terms of the mentality, the general readiness of the troops? My impression is that the morale was good. When we were in Israel in February—Senator Quayle spent 1 day in Beirut and reported that the morale was very good. But he also pointed out that that was 6 days before rotation. [Laughter.]

Senator WILSON. My impression, though, is that there seems to be a pretty high degree of esprit and that the troops you have over there have handled it well.

I was surprised to hear you say it is a 5-month rotation.

General MALONEY. When I say 5 or 6 months I was attempting to indicate that it is not absolutely precise but conceptually it would be a 6-month turnover, yes, sir. In other words, sometimes there would be another exercise at the end of the deployment. The reason I mention that is because the 24th MAU, the second unit to go in, was there a briefer period but had been deployed from the United States longer because they were involved in the exercise that General Olmstead talked about in Denmark.

So, that unit exercised and then relieved the unit that initially went into Lebanon. Therefore, the precise duration of the tour in Lebanon is not exactly 6 months.

Senator WILSON. Have they suffered, in terms of morale, as a result of being constrained to a small geographic area and also somewhat constrained in terms of their own behavior?

General MALONEY. We do not believe they have. All the indications we have are that these quality young men that we are fortunate enough to have in our corps today are also mature enough to understand the special constraints that are placed on them as a peacekeeper versus a fighter.

Their role is a peacekeeping role. They have been well schooled in their responsibilities.

Of the 1,800 Marines in the MAU, we put 1,200 ashore. That gives us the capability to rotate back aboard the ships and those ships are making port visits.

There are somewhere close to 170 of the Marines from that unit that are currently on liberty in Athens. So that even though we are talking 6 months, I would not want you to see a picture of a young marine being there for 180 days and never leaving. There is a rotational liberty capability for them.

Senator WILSON. Have we learned anything logistically or is it a fairly standard operation in terms of provisioning the garrison ashore?

General HATCH. We stood ready when we went over there, as we often do, to have to beef up some requirements. They had some sustainability with them. We are ready to help them in any way that they need help. We have had almost no requests.

As we got into the rainy, cold season, they needed some tents, plywood, and strongback tents.

One reason they had a problem; they could not use the water. We sent over a couple of reverse osmosis machines, in fact, they are on the way right now, giving us an opportunity to operationally test reverse osmosis. We have not really had any practical use other than testing in development.

It also gives them good fresh water right on the scene. But requirements have been met to include the replenishment of food in the field and consumables.

Senator WILSON. Is it true that the only other time you used the reverse osmosis machines was at Guantanamo?

General HATCH. We have not used them. Of course, there is a large distillation plant down there. On the reverse osmosis machines we received delivery of our first units last year, primarily to match them up with the 7th MAB, the near-term pre-positioning force out in the Indian Ocean. We have a water capability in that equipment deployed. That was our first real commitment. The 7th MAB stationed at Twentynine Palms does not use reverse osmosis too often, for obvious reasons, but it provides good training at Camp Pendleton on the Pacific Ocean.

This is the first operational use of any kind in the Fleet Marine Force of reverse osmosis.

Senator WILSON. What real contact have the Marines had with the indigenous population?

General MALONEY. I would like to address that, sir, because they have attempted to remain separate from the indigenous population versus the style of the other multinational force components, such as the French and the Italians.

That is one of the reasons for the liberty opportunity in other ports that I talked about.

One of the reasons that this has been the style, notwithstanding the political considerations, is the fact that they are in a lot better physical shape while the European forces have experienced high gastro-intestinal problems. Our Marines have been singularly avoiding that as a pay-off for staying separated.

Also, the physical location of our forces near the airport is less densely populated than those areas where the French and Italians are.

Senator WILSON. You have stated exactly what I was getting at, and that is the extent to which they are dependent upon water that has been treated. What are those pills called?

General HATCH. Halazone.

General MALONEY. Halazone.

Senator WILSON. I hope the state of the art has advanced.

General HATCH. As matter of fact, we have been heretofore, for the most part, bringing our water in from the ship so we know we have clear water.

If I could amplify what General Maloney said. We have had less than 1-percent dysentery problems. Some of our friends have exceeded 100 percent as their force has been rotated. They have had large numbers of people sick.

Senator WILSON. That is remarkable, less than 1 percent?

General HATCH. Less than 1 percent.

The admiral that is assigned to the Marine Corps as a medical officer was out there a while back, and two people in the entire force were down at the time; one of them happened to be one of his corpsmen. That embarrassed him a little bit, but it can happen. We have had very good results. But it requires stringent hygiene.

Senator WILSON. What type of contact have you had with the French and Italians?

General MALONEY. The contact there, sir, has been within the coordinating committee of the multinational force where there are representatives from each of the national contingents.

There have been a number of soccer games, athletic events, that sort of thing among the groups, and a lot of trading hats as souvenirs. But that is probably the extent of it.

Senator WILSON. I assume there has been no opportunity at that level to gain any useful information about what actually transpired in the Israeli invasion, in terms of information that might be useful, such as captured weaponry.

General MALONEY. No, sir. From a "lessons learned" point of view, there has not been that sort of contact with the Israelis in Beirut. There have been some U.S. military teams that have visited Israel to discuss these lessons learned.

But the function of our marines in Beirut is quite a bit different than the function of the IDF in the area. So, we have not had that kind of contact.

Senator WILSON. Where are we now; what is the status of these discussions? I know that memorandum of understanding has been signed. But has there been an opportunity for the Marine Corps to benefit from any of the information that the Israelis have to share with us?

General MALONEY. We marines are sending a representative with the Navy as part of a naval aviation team that will visit the Israelis very soon. There has been an Air Force team that made that sort of visit.

It is premature for me right now to indicate that we have learned anything. But we surely hope we will when our representative has a chance to talk with the Israelis.

Senator WILSON. Did you gain any useful information from the British experience in the Falklands?

General MALONEY. Yes, sir, the Falklands provided a number of lessons learned, Senator Wilson. Separating it from the Lebanon situation—because we are really talking apples and oranges—we learned quite a bit from the British experience.

One of the most important lessons that we learned from them was the absolute imperative of the young riflemen being in tiptop physical shape. That was one of the dramatic differences between the opposing forces in the Falklands. The Royal Marnes were in great physical shape and were able to traverse that terrain without any mobility assets except their feet, and carry heavy packs at the same time.

So, this reaffirmed for us our thrust and constant attention to physical fitness.

We believe that the Harrier was certainly validated in its first war and we are happy to have the advanced Harrier, the AV-8B coming along.

There are other aspects that anyone in the amphibious business would certainly think were lessons learned. We need amphibious ships and we need to have people who can conduct amphibious operations. We need naval gunfire because that was one of the great assets that the British had.

So, I would say that the lessons were perhaps not learned as much as relearned after a period of some time when there were no active amphibious operations.

I know my colleagues can add to that.

Senator WILSON. One question I have concerning that and the validity of the argument about the need for battleships and massive platforms to deliver heavy naval gunfire: Was this really tested in the Falklands in terms of the air cover? Was there a really valid test in terms of the Argentine threat to surface naval forces?

General HATCH. I would like to point out that one of the significant things that has come out of it is the British primarily had to move at night because of the lack of sufficient air defense and the lack of sufficient naval gunfire to support daytime movement.

There are other ways to get around it; that does not necessarily mean that you are exploiting your capability to the maximum required or even close to it. But they had to resort to night operations primarily as a result of the deficiencies.

Certainly, there were strategic mobility problems going from England to the Falklands that were very severe. They moved a relatively small force. It took almost all the national assets available. It took commercial ships to do it.

We do not really have anything to compare with a large force. We would probably find ourselves fighting court battles for years for taking some ships that they took and converting them in a short period of time. They started cutting up one of their luxury liners. So, strategic mobility is another big area of concern. That was a lesson not learned but relearned or reaffirmed.

Senator **WILSON**. Mr. Chairman, if we are covering ground that the committee has otherwise covered, I apologize. But this is of concern to me, and there is no doubt a great deal on the record which I have not yet seen and, if so, you can save time by simply referring me to it.

But one of the points of great interest to me has to do with the ability of the Marine Corps to rapidly deploy to a trouble-spot situation.

If you believe current media accounts, the Rapid Deployment Force exists only in the minds of military planners. I am interested in what the present rapid deployment capability of the Marine Corps is.

General **MALONEY**. If I might, sir, respond by using the example of the near-term prepositioned ship package of 17 ships that is presently located at Diego Garcia. The core of that 17-ship flotilla has aboard the fighting equipment, the wherewithal for a 12,000-man Marine brigade, specifically, the 7th Marine Amphibious Brigade, which is located at Twentynine Palms, Calif.

That organization, that sort of packaging, where we put our supplies up front and have our people in the rear, allows us to be able to react to a situation where, if we did possess a permissive port, we could move those ships with that equipment to that port as the marines were being lifted by a strategic air lift, from the Military Airlift Command, and then marry up with the equipment. Then we could go ahead and deploy.

We do have a rapid deployability there that is important.

Senator **WILSON**. What sustainability do you have from those prepositioned supplies at Diego Garcia, how many days?

General **HATCH**. Thirty days, sir.

Senator **WILSON**. Thirty days. What kind of air capability would be required to lift that brigade from Twentynine Palms?

General **MALONEY**. I am going to have to check on those numbers of C–141 equivalents to be precise. Let me provide that for you, sir.

General **HATCH**. It is in the area of 250 sorties. This includes not only the people but those things that are not pre-positioned, such as helicopters, technical gear that would not stand that type of long-term storage. In the vicinity of 275 sorties.

Senator **WILSON**. Have you run exercises, not physically but by computer or otherwise, as to what it would take to move, that brigade on the ground to the Persian Gulf?

General **HATCH**. We have run a number of exercises and in fact we have done it physically with one of the ships and the force that would marry up with that ship, in Australia, maybe 6 to 8 months ago.

Senator **WILSON**. Does a part of your aim theory involve interference with that projected deployment?

General HATCH. Interference such as from an enemy?

Senator WILSON. Yes.

General HATCH. The whole concept of maritime pre-positioning programs is dependent on having a benign port and airfield, to marry up the equipment and people. In other words, perhaps stop a war by getting a force there quickly; or perhaps reinforcing an amphibious force that has already uncovered a port and an airfield.

We have not built in the casualty factor where we would have to go into a hostile environment using ships or aircraft.

General MALONEY. Senator Wilson, the maritime pre-positioning concept of the future, of the next few years, builds upon our experience with the near-term pre-positioning ships. It is certainly not a replacement for our capability to forcibly enter a foreign shore. But it is a supplementary and a complementary capability.

Senator WILSON. I understand that. What I am really getting at, though, if we ever were prompted to actually move that brigade from Twentynine Palms to the Persian Gulf it would be a tense situation and one where we would have to anticipate some projected interference with the movement.

Did your exercise envision running pre-positioning supplies from Diego Garcia up into the Persian Gulf? What kind of support do you have there, a carrier battlegroup?

General MALONEY. Yes, sir. In the Indian Ocean is Task Force 70, which is centered around a carrier battle group. If we were to require that kind of security and protection en route, the carrier battle group and its whole package would be able to provide that.

General HATCH. That would include the air movement, too.

Senator WILSON. I beg your pardon?

General HATCH. This could include the air movement, also, that would have to have security equipment.

Senator WILSON. Thank you, Mr. Chairman.

Senator HUMPHREY. One last area for my part. Can you tell us the status of the pre-positioning in Norway, how that situation is stacking up?

General HATCH. First of all, we put our first pre-positioning in Norway in 1982. That included only ammunition. We put it into Norwegian ammunition bunkers. That worked out very satisfactorily.

In 1983 there are three items we plan on pre-positioning, the M-198 howitzers; some of the trucks that support these howitzers; some ground support equipment that would support the aviation development. This is all that we plan to pre-position in 1983.

There are things that are in the 1983 procurement program and will be going in 1984. The program seems to be going along pretty well. We are obviously suffering our biggest difficulties because of the current economy in Norway and their ability to come up with the storage facilities on a timely basis.

We are watching this area very consciously to be sure that we are not buying gear that they are not ready to accept when it is delivered.

Senator HUMPHREY. Thank you very much, John.

General HATCH. Could I amplify on one thing that General Maloney was speaking to earlier?

Senator HUMPHREY. Certainly.

General HATCH. You asked the question on the 85-percent readiness in December of last year. That was the first time that we ever achieved, in the memory of any of us, 85-percent readiness for all units, which made every unit C–1 or fully combat ready.

But that was not the level of our readiness. Our readiness was 90.2 percent at that time, throughout the Marine Corps. There were units above 90 percent enough to bring those closer to 85, up to the 90.2 percent.

This is primarily a result of putting our money where our mouth was. We have constantly put our money into training and the maintenance of our equipment. We may not do very well in personal support equipment; we may not have all our barracks converted to DOD standards yet—we are more than half-way there, when I wear my MILCON hat.

But we put money into training and material readiness. Even over these past few years, the late 1970's, we still kept our maintenance above 85 percent. I did not want you to get to thinking that 85 percent was the high.

Senator HUMPHREY. Yes.

General HATCH. It is our bottom and we are looking forward to the things that we were able to buy in 1982 and 1983 to be delivered. About half of our deficiencies right now are items we do not have. It is not down for maintenance, it is not down for supply, it is down because we do not have it. Once we get delivery on the 1982, 1983 buys we are going to improve.

So, we have proven sustainability, proven the ability to fill our cadre units for active forces and, perhaps more significantly we will fill, as General Olmstead has said, by 1988, most of the Reserve for mobilization.

Senator HUMPHREY. Very good. Thank you. The subcommittee is adjourned.

General MALONEY. Thank you, Mr. Chairman.

[Whereupon, at 3:27 p.m., the subcommittee adjourned to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

THURSDAY, APRIL 21, 1983

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

READINESS, OPERATION, AND MAINTENANCE BUDGETS OF THE U.S. NAVY AND U.S. NAVAL RESERVE

The subcommittee met in open session, pursuant to notice, at 2:03 p.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Levin.

Staff present: David S. Lyles, professional staff member; and Marie Chaillet, staff assistant.

Also present: Ron Kelly, assistant to Senator Humphrey.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee meets this afternoon to receive testimony on readiness-related conditions, preparedness policies, and fiscal year 1984 authorization request of the Navy.

This hearing should focus on five themes:

The progress made during the past 2 years in overcoming the readiness deficiencies we faced in 1980;

What remains to be done to achieve and sustain acceptable readiness levels now and in the future;

How the Navy shapes and guides its readiness policies;

A review of the Navy request for O&M funding for fiscal year 1984; and

The status of the Navy Reserve components.

The hearing will be divided into three parts:

A readiness update;

An O&M overview; and

A Reserve component status report.

We will hear testimony and pursue questions in each area before moving on to the next part.

Our witnesses are Vice Adm. Arthur S. Moreau, Jr., Deputy Chief of Naval Operations for Plans, Policy and Operations; Commodore Gerald L. Riendeau, Director, Operations Division, Fiscal Management Division; Rear Adm. Robert F. Dunn, Director of

Naval Reserve; and Rear Adm. Albert Herberger, Director of Military Personnel Policy.

Gentlemen, welcome and thank you for submitting your testimony ahead of time. That is very helpful and permits members to read your testimony thoroughly as I have done, so you can be assured that your effort and the effort of your staff wasn't wasted.

We will address the readiness status first.

Admiral Moreau, you may proceed.

STATEMENT OF VICE ADM. ARTHUR S. MOREAU, JR., DEPUTY CHIEF OF NAVAL OPERATIONS FOR PLANS, POLICY AND OPERATIONS, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Admiral Moreau. I appreciate the opportunity to be here, as do Commodore Riendeau and Admiral Dunn. Admiral Herberger is also here from the Chief of Naval Personnel and he would like to explore personnel matters in some great detail.

As you know, the mission of the U.S. Navy under title 10 is to be prepared to conduct prompt and sustained combat operations at sea in the national interest. So, it seems to me that before the Preparedness Subcommittee on the subject of readiness and sustainability we are going right to the heart today of the mission and the purpose of the U.S. Navy.

Two years ago, as you will have seen in my written statement, Admiral Hayward, who was then Chief of Naval Personnel, said that in his view the readiness of the Navy was at its lowest ebb that he had witnessed in his entire career, which is almost a frightening statement.

I am here with better news than that today. I think during this hearing you will conclude that retention is up, readiness is up, and sustainability, although we don't see it in the numbers yet, has been funded and it is coming.

With regard to personnel, we have seen over the last 2 years a remarkable increase in retention. From 1982 to 1983 it is some 50 percent in first termers and from 50 to 63 percent second termers. We have seen an increase in retention in our pilots and nuclear trained officers.

In the area of readiness I hope we can go into executive session and go into a classified session because I would like to give you some numbers on readiness and tell you precisely where we are in the Navy today. I think you will be pleased and encouraged by that.

Similarly, in sustainability I would like to talk to you about the funding that we have done and the manner in which we are getting better.

I think that you will conclude from your discussion with Admiral Dunn on Reserve matters that we have made strides in the Reserve that have been unparalleled, frankly, since World War II.

It is similarly true in sealift, that in the last 3 years we have addressed this long-neglected area in a very substantial way and have a substantial sealift capability now and coming.

In summary, I think that you will conclude that we are indeed a Navy on the mend, that we are more combat capable today than we have been in many years.

I would just wish to say one other thing to you and that is, in my judgment, the American blue jacket today is the finest sailor in the world. He is out there in those gray ships doing the job I think the way you like it done. He is well trained and well led.

The status of the Navy today is a direct result of the funding effort of the Congress in the last 3 years as is the retention of our young American sailors. If we can retain a competitive pay basis for him, we can retain him.

With your permission, I would like to turn it over to my colleagues.

[The prepared statement of Admiral Moreau follows:]

PREPARED STATEMENT BY VICE ADM. ARTHUR S. MOREAU, JR., DEPUTY CHIEF OF NAVAL OPERATIONS FOR PLANS, POLICY AND OPERATIONS OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and members of the Subcommittee, I welcome this opportunity to appear before you to discuss the progress the Navy has made during the past twenty-four months in readiness and sustainability.

I feel it is important to underscore, at the outset, that any consideration of the Navy's readiness and sustainability posture should begin with an examination of maritime strategy. Naval strategy, of course, is part and parcel of national strategy and our national strategy is one of deterrence, global forward defense, and forward deployment.

Global forward defense is our capability to project and maintain military forces far from our shores. There are 3,000 miles of Atlantic Ocean between the eastern seaboard and our Northern European allies; and a full 5,000 miles from our Atlantic coastline to the far eastern shores of the Mediterranean. Similarly, it is over 5,000 miles from U.S. Pacific coast ports to our Northeast Asian Allies and between 8,000 miles to 10,000 miles to the Persian Gulf. The Navy has access to shore facilities in the Mediterranean and Western Pacific that support peacetime fleet operations, but in the Indian Ocean, the facilities at Diego Garcia notwithstanding, fleet units must carry with them most of what they consume.

In time of war the fleets must be as self-contained and self-sustaining as possible in order to maintain military pressure in forward areas and contain Soviet sea forces in home waters. In other words, the U.S. Navy must be combat ready and possess the staying power to achieve maritime superiority in key ocean areas vital to the nation's prevailing in any future U.S./U.S.S.R. conflict.

Similarly, other national strategy objectives also require high levels of Navy combat readiness and sustainability. The Navy provides the National Command Authority with its most flexible military deterrent and warfighting force. This flexibility enables the Navy to operate throughout the world and respond across the entire spectrum of possible crises and conflicts, i.e., from peacetime overseas presence missions to conventional and nuclear war. To be able to conduct all these tasks and rapidly reconfigure from one posture to another, the Navy requires a large variety of ordnance and spare parts, high training levels across the board, and a host of complex equipment items in top working order.

Naval forces must not only be powerful and mobile, but fully capable of working smoothly with Allies and other U.S. military Services. National strategy emphasizes joint operations and coalition warfare. The requirement to integrate Allies and other Services into Navy operations places yet another demand on fleet readiness and sustainability.

In sum, to contribute to deterring the Soviet Union; to defeat the Soviet Navy at sea should deterrence fail; to maintain forward deployed forces; to respond to national tasking throughout the conflict spectrum; and to accomplish all of these in the closest possible coordination with Allies and other military Services, the Navy must be ready to fight and win a war at sea today as well as tomorrow. Such a high degree of preparedness requires, first, great emphasis on the combat readiness of personnel and equipment; and, second, on development of the capability to conduct sustained combat operations at sea far from U.S. shores. In the course of satisfying these readiness and sustainability requirements, the Navy continuously reexamines its policies, procedures and doctrines to insure it is making most effective use of available resources.

The navy has labored conscientiously and, we believe, been innovative in making the best possible use of funds appropriated by the Congress for readiness and sustainability purposes. To meet readiness and sustainability goals it has devoted, for example, approximately 55.3 percent of its Total Obligational Authority in the fiscal year 1983 budget to supporting programs. Similar emphasis in these areas during fiscal year 1981 and fiscal year 1982 significantly improved the readiness and sustainability levels enjoyed by Navy forces today. A few persistent problem areas notwithstanding, the Navy has moved, during the last two calendar years, in the right direction and significantly upgraded both its deterrent and warfighting capabilities. This achievement is evidenced by the fact that since 1981 both the total number of units reporting combat ready and the Navy force structure have increased; and this improvement in readiness includes dramatic increases in the number of units reporting themselves fully or substantially (C1/C2) combat ready.

This good news notwithstanding, I would like to highlight for you the principle and persistent problem area with which the Navy is grappling. First and foremost among these is the personnel shortage issue. Two years ago Admiral Hayward reported to this Committee that the Navy's readiness was at the lowest ebb he had witnessed during his naval career. He attributed that assessment, principally, to an alarming shortage of personnel, particularly mid-grade officers and petty officers. Although personnel readiness statistics for ships and air squadrons have markedly improved since 1980, continuing shortages in critical skill areas still adversely impact ship and air squadron combat readiness.

A priority Navy personnel goal for sical year 1982 was reduction in losses of highly skilled petty officers, trained and educated at considerable expense to the government. Although career manning, particularly in critical skill areas, is still the Navy's most serious personnel readiness shortcoming, significant progress has been made in this area since 1980. Improvements are due, in large part, to assistance provided by Congress in the form of pay raises and reenlistment bonuses for personnel possessing critical skills. For example, the data below indicates fiscal year 1982 enlisted retention rates surpassed that of fiscal year 1980 and fiscal year 1981 rates in all categories.

[Amounts in percent]

	1980	1981	1982
First reenlistment (4 to 6 yr)	36.7	41.7	50.3
Second reenlistment (8 to 10 yr)	50.5	56.9	63.0
Third reenlistment (10 plus yr)	91.6	94.1	95.3

The Navy is doing everything it can to continue this momentum. Although the "hemorrhage" of talent has slowed, maintaining high retention levels is required if the Navy is to overcome critical skill area shortages and become the quality force required to meet national commitments.

Officer retention rates during fiscal year 1982 improved significantly over fiscal year 1981. Retention of Navy pilots increased from 42 percent to 49 percent and naval flight officer retention rose from 65 percent to 73 percent. These improvements are attributed to Aviation Officer Continuation Pay and a hiring slowdown in the airline industry. Retention of nuclear power submarine qualified officers rose from 33 percent to 39 percent during this same period. Again, the improvement is associated with a nuclear power bonus increase, new officer career sea pay, and continuation of submarine incentive pay. Similarly, officer career sea pay and better sea/shore assignment rotation are contributing to improvements in surface warfare officer retention. Finally, projected commissioned officer retention trends in each community continue to be positive.

Turning now from consideration of the persistent personnel shortage issue, I would like to focus your attention on readiness improvements in the several Navy warfare communities. Although the serious ballistic missile submarine manning shortage experienced two years ago is not completely remedied, it has shown dramatic improvement during the last two fiscal years. As a result, I am pleased to report to you that SSBN force readiness, the Navy's contribution to the strategic triad, is being maintained at a gratifyingly high level. Virtually all SSBNs not in overhaul are combat ready. At any given time only emergent and temporary equipment casualties account for those few units reporting "not combat ready".

Turning to general purpose forces, the readiness picture is equally bright. Overall combat readiness of these forces has steadily improved and at the same time force structure has increased significantly. The Navy's surface/subsurface ship combat ready goal is 70 percent of the total force structure. This goal realistically permits, at any one time, 30 percent of available surface/subsurface forces to be involved in depot level programmed maintenance (overhauls, SRAs, etc.) and training workups for forward deployments. In January 1981 only 61 percent of the surface/subsurface force was evaluated combat ready. But I am pleased to report today that the 70 percent goal has been reached and, in fact, exceeded. During calendar years 1981 and 1982 there was a dramatic increase in the number of ships reporting combat ready. This improvement was largely due to the increased fiscal support provided by the Congress. It reversed the downward readiness trend of the 70's and facilitated exceeding the 70 percent goal even while 29 combatants were added to the Navy's force structure. Similarly, the Navy views with great pride the fact that during calendar years 1981 and 1982 the number of forward deployed ships reporting themselves fully and substantially combat ready nearly doubled.

Focusing now on naval aviation, I can advise you that air squadron combat readiness has improved in every category during calendar years 1981 and 1982. The improvement in aviation squadron readiness has not been so dramatic as in ship readiness, nevertheless there has been sustained progress. During the period January 1981 through December 1982, the number of squadrons reporting themselves not combat ready was reduced by more than half, and the number of squadrons reporting themselves fully or substantially combat ready tripled. Of particular note, improvements in deployed squadron combat readiness are considered most gratifying.

Although one or two of the Navy's air squadrons permanently deployed overseas occasionally experiences training shortfalls, all air squadrons now deploy from the continental U.S. combat ready. The major contributing factor to air squadron readiness degradations remains the persistent personnel issue, i.e., aircrew shortages. Budgetary actions during fiscal years 1981 and 1982 affecting military compensation have had a gratifyingly positive effect on the recruiting of aviation officer candidates as well as retention of trained and experienced pilots and naval flight officers. Substantial downstream improvements in the persistent aircrew availability problem is expected as the aviation training pipeline produces qualified accessions needed to flesh out manning requirements.

Aviation spare parts funding which has increased significantly since fiscal year 1980, requires continued emphasis. The current level of aviation spares and component rework does not allow attainment of the desired 70 percent aircraft mission capability rate. Fiscal year 1982 mission capability rates averaged 62 percent, with a forecast improvement to 65 percent by the end of fiscal year 1984. However, significant improvements in mission capability rates are expected as more state of the art, lower maintenance hardware/weapons systems (e.g., the FA-18) are introduced into the Navy inventory.

In summary, the significantly improved overall combat readiness of Navy submarine, ship and air squadrons, over the past two calendar years, is considered to directly reflect the Congressional investment in national defense. It is considered particularly noteworthy that while equipment casualties still cause periodic reductions in readiness, the strength of our forward deployed forces remain gratifyingly high and continues to improve.

Turning from readiness consideration to sustainability matters, I must begin by noting that the Navy's sustainability posture, although improving, is not so strong as it might be. Of particular concern are the continuing and significant shortages in threat ordnance and spare parts.

Since fiscal year 1981 threat ordnance shortages (e.g., torpedoes, cruise missiles, surface-to-air missiles and air-to-air missiles) have received increased budget emphasis. Procurement lead times, however, have precluded immediate and significant inventory improvements. Complete ordnance fills of all Navy combatants, simultaneously, is not yet possible. On a more encouraging note, the downward ordnance sustainability trends which commenced in the mid 1970's have been reversed since fiscal year 1981, and appreciable growth of inventories is now occurring. Fiscal year 1984 Navy budget requests will result in significant ordnance sustainability improvements in the late 1980's.

A separate but most important factor in the sustainability equation related to ordnance and spare parts shortages, is the capability to transport needed resources (personnel, ordnance, spare parts) to forward deployed fleet units as expeditiously as required. Expansion of this sealift capability is the fastest growing element in the Navy's program. The sums invested during fiscal year 1982 and fiscal year 1983 alone are double the total amount allocated for sealift since World War II. Notable recent achievements in this regard have been the creation of an 18 ship Near Term Pre-positioning Force (NTPF) and the award of contracts for conversion and charter of seven Maritime Pre-positioning Ships (MPS) which begin delivery late fiscal year 1984 and complete by fiscal year 1986.

Still another important element in the Navy's program to enhance combat sustainability is development of the capability to smoothly and expeditiously integrate Reserve forces into the active Navy during an international crisis or armed conflict. Upon mobilization, Navy Reserve air squadrons contribute two carrier air wings, two maritime patrol wings, one tactical helicopter wing, and one tactical support wing to active forces. Similarly, Navy Reserve surface forces are becoming increasingly combat capable as modern *Knox* and *Perry* class frigates are transferred to the Reserves. With these newer ships, increasingly critical roles will be assigned to Reserve surface units augmenting the active fleets.

In conclusion, I feel it should be emphasized that a very fine line exists between readiness and sustainability considerations. For example, personnel and material considerations directly impact on both readiness and sustainability. Upward trends in both readiness and sustainability have been brought about by improved retention of qualified officers and petty officers, as well as gradually increasing inventory levels of spare parts and threat ordnance. Readiness and sustainability improvements, however, are very fragile and susceptible to rapid reversal. Acutely sensitive to this fact, the Navy continuously focuses on existing shortfalls and applies remedial actions with careful attention to competing priorities. Congressional support in recent years has been the most important single element contributing to improved Navy readiness and sustainability. The principle factors precluding more rapid improvement remain personnel quality/quantity and threat ordnance and spare parts shortfalls.

Mr. Chairman, the improvements in Navy readiness and sustainability I have discussed today reflect the results of initiatives undertaken two years ago to correct recognized degradations to our warfighting capability. Continued emphasis on these programs is considered essential if we are to maintain maritime superiority. Among the areas requiring closest attention and emphasis are retention of supervisory personnel in critical skill ratings and a continued increase in the number of available aircrews for naval aviation units. Current personnel recruiting and retention trends are positive, and correction of critical skill rating supervisory and aircrew shortfalls should be possible in the near term. In order to maintain this momentum, however, pays and incentivies must be attractive in an improving economy.

Similarly, shortfalls in threat ordnance and spare parts must be filled as soon as possible. As the classified supplement indicates, programs already in being will significantly increase inventories throughout the remainder of this decade. The Navy must place continuing emphasis on spare parts funding to maintain a quantum improvement in equipment mission capable rates as early as procurement lead times permit.

Mr. Chairman, I am grateful for this opportunity to review with you Navy's current readiness and sustainability posture. The tenor of my report is upbeat; morale in the sea service is high; and we approach the future with enthusiasm and confidence. There is no question in our minds that we will be able to maintain, with your continued support, the upward momentum we have developed, during the past two years, in readiness and sustainability.

Senator **Humphrey**. Thank you for your statement.

Admiral Dunn?

STATEMENT OF REAR ADM. ROBERT F. DUNN, U.S. NAVY, DIRECTOR OF NAVAL RESERVE

Admiral **Dunn**. Good afternoon.

This is my first appearance before this subcommittee. I have been in command of the Naval Reserve for about 6 months. In that 6 months I am happy to report that I have been able to travel and meet many reservists and also visit their units. I am most impressed with the enthusiasm and dedication of our Naval Reserve.

Just as in the active Navy where we have the best sailors in the world, I think in our citizen sailors we also have the people of the best outfit in the world.

The readiness of our hardware units is first rate. We regularly train for mobilization in those units. While we train for mobiliza-

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tion we contribute, wherever possible, to the mission of the Active Forces. We call this mutual support.

On a daily basis, our hardware units, our squadrons, ships, and Seabee battalions, are contributing to the mission of the Active Forces through mutual support.

We are also growing our personnel base. We are presently funded for 94,000 drilling reservists, building to 124,000 by the end of fiscal year 1988, which meets our naval manpower mobilization system requirements.

The readiness of our reinforcing and sustaining units, those units which augment the Active Forces, are included in those numbers.

Starting this next year, with the authorization of the Congress, we are embarking upon a new non-prior-service accession program.

In the past, Naval Reserve recruiting has relied mostly on those personnel who have left active service. We do, however, have a large requirement for nonrated personnel. The people who finish 4 years of active service as nonrated are not the quality of person we really want in the Naval Reserve.

We are embarking upon an expanded, what we call the sea and air mariner program. We hope to recruit 10,000 of these people in 1984, provide them with their initial active duty training, and have them train with the Naval Reserve for the balance of their 6-year obligation.

As I have said before, the Naval Reserve is ready for mobilization and ready to do its job. If you should care for examples, I can cite you some where we have tested that readiness. We are limited only by certain equipment shortfalls. We are in the process of upgrading the equipment to be more compatible with the Active Forces, but we have a way to go on that.

Notwithstanding those few shortages, we are improving our readiness and sustainability and accelerating our modernization. We are looking for more ways to provide mutual support. As we do all of these things, we appreciate the continued support of the Congress to be an even more effective part of the Navy's total force.

I am ready to answer questions, sir.

[The prepared statement of Admiral Dunn follows:]

Prepared Statement of Rear Adm. Robert F. Dunn, USN, Director of Naval Reserve

Mr. Chairman and members of the subcommittee, it is my pleasure to appear before you today to outline the current status of the Naval Reserve and present our program for fiscal year 1984.

This is my first opportunity to appear before this committee since assuming the dual responsibilities of Director and Chief of Naval Reserve last October. These past several months have been rewarding and instructive. I have had the opportunity to visit most of my major subordinate commands and talk with many individual reservists. I am pleased to report that I have been impressed with the capabilities, vitality and enthusiasm of our citizen sailors.

THE NAVAL RESERVE MISSION

The Naval Reserve is an integral part of the Navy's structure and is essential to the successful completion of the Naval mission. As Admiral Watkins has indicated, our maritime strategy is dependent upon readiness, sustainability and modernization for successful completion of our mission. This is a forward strategy depending upon the forward deployed and highly mobile Navy/Marine Corps team which must be prepared to fight at any level of hostilities up to and including total war. In addition, we must be capable of performing this mission in any area of the globe.

Other Naval officials have outlined the goal of a 600 ship, 15 battle group Navy to achieve the capability necessary for the success of its maritime strategy. The Naval Reserve is improving its readiness and sustainability, and is modernizing its ships and aircraft to be a more effective part of this strategy. The Naval Reserve mission is stated simply: to be trained and ready for mobilization, ready to be a part of the Navy that wins the war at sea.

TODAY'S NAVAL RESERVE

I am pleased to report that the Naval Reserve is currently capable and improving. We continue to improve our readiness and capabilities through increased Selected Reserve strength, an improved match of the skills of individual members and their mobilization billet requirements, modernization of equipment, and improved training. These gains have resulted in a parallel improvement in the support we provide to active Navy units as a by-product of mobilization training—our Mutual Support program.

Selected Reserve strength

One of the most encouraging signs of improvement in the Naval Reserve is our personnel strength. Our total authorized strength for fiscal year 1982 was 87,600, but the Appropriations Bill included funds for and a challenge to grow to 94,000 by the end of the fiscal year. The Naval Reserve met that challenge and reached a strength by the end of September of 93,719, including 1,072 on Initial Active Duty Training, and continued the growth trend to a level of over 96,500 at the end of January.

Unfortunately, even this good news is not without a challenge. The authorized and funded level of our drilling Reservists for fiscal year 1983 remains essentially flat at approximately 94,000. Therefore, I have found it necessary to direct a reduction in strength of almost four percent from our January high in order to remain within the funds available. This will insure that the remaining members of the Selected Reserve receive their essential training, that is, two weeks of Annual Active Duty Training and monthy Inactive Duty Training. The combination of a release of personnel who were not performing to standards and the temporary transfer of a limited number to the Individual Ready Reserve until the end of the fiscal year will be enough to permit us to remain within the funding level appropriated.

Improved match of selected reservists

We have instituted positive management actions to improve the match of skills of individual Selected Reservists and their mobilization billet requirements. In fiscal year 1982 we implemented the Naval Reserve Recruiting and Manning Objectives System (NAVRES RAMOS) which is designed to match accessions with Selected Reserve mobilization requirements, thereby improving the quality of manning in the Selected Reserve. This system prohibits accessions in severely overmanned ratings and provides the highest incentives to recruiters for ratings which are most severely undermanned. We are also encouraging the cross training of personnel, who are in skill areas which are full relative to requirements, to areas of relative shortage. This system is working. The overall trend of the Selected Reserve in matching skills to mobilization requirements is moving toward our goal of a complete match of skills and billets.

Improved training

Providing the required mobilization training to members of the Naval Reserve is a constant challenge. It is particularly difficult during times of personnel strength increases, and evolving force structure, and upgrading of equipment. However, we are making real progress.

We are continuing to emphasize training with the active Navy gaining command to which the unit or individual will mobilize, or at an appropriate active force site. We are providing additional funds for the Weekend Away Training (WET) program that makes much of this most productive training possible.

We are also expanding the use of simulators, particularly in the training of our ship reinforcement units.

Readiness improvements

There has been approximately a 20-percent improvement in readiness of our aircraft squadrons largely as the result of increased Standard Depot Level Maintenance (SDLM) completions last fiscal year. The improved aircraft material condition provided for additional training and qualification of key aircrew personnel which resulted in improved personnel readiness.

Another major indicator of our aircraft readiness is our accident rate. We are very proud of the professionalism demonstrated when the Naval Reserve achieved a zero accident rate for fiscal year 1982 while flying almost 162,000 hours. I can think of no better readiness indicator.

The readiness status of th ships assigned to the Naval Reserve Force remained relatively stable last year. We did have some readiness degradation due to the shortage of Selected Reserve personnel. We are working on incentive packages to focus on this difficult manning problem. Th Selected Reserve crew members of our ships are in particularly demanding positions. They routinely invest more time (under conditions which are measurably more arduous) than their contemporaries who train at shore activities in the same geographic area.

Th readiness of our reinforcing and sustaining units which augment active force units continues to improve. Although the manning of these units has remained relatively stable at about seventy seven percent, there has been steady improvement in the number of those assigned who are fully qualified. In fact, there was more than a 20-percent improvement in this area during the last 6 months of 1982.

Mutual support

Th Mutual Support program provides direct assistance to the Navy in the performance of its peacetime mission as a by-product of mobilization training. We are continuing to emphasize this program because of its high efficiency. It also benefits the Navy in the form of real work performed and the Reservists in the form of realistic training and th satisfaction of participating in day-to-day Naval functions. Some examples of our efforts in this area during fiscal year 1982 are:

Reserve Transport (VR) squadrons furnished the entire CONUS fleet logistics support effort and also augmented Mediterranean activities, including the Lebanon Multinational Contingency Force.

Reserve attack and fighter squadrons provided friendly and opposition forces for war-at-sea, fleet air defense, and air-to-air warfare exercises for workup training of deploying battle groups.

Reserve VC squadrons provided target and Dissimiliar Air Combat Training (DACT) services to fleet units, and aggressor aircraft in fleet exercises.

13 Reserve VP Squadrons provided aircrews and aircraft for 48 weeks at Bermuda, Lajes, Rota and Cubi Point to supplement fleet VP operations.

Naval Reserve Force (NRF) ships and Special Boat Units are fully integrated into fleet exercises and underway training schedules. They also provided assets for special evolution, such as the Surface Warfare Officers School ship and the annual Great Lakes Cruise.

SIMA/YR Reserve units provided over 71,000 man-days in direct support to ship overhaul and rework projects at the intermediate maintenance level activities.

Supply Systems Command units completed projects in stock control, warehousing, traffic management, stock purification, materials identification, and othr areas covering the entire spectrum of th Naval Supply Systems Command's tasks and responsibilities.

Reserve intelligence units accomplished 30-40 percent of the production for Atlantic and Pacific Fleet Intelligence Centers. Units also stood watches on a regular basis, including CNO and Fleet Commanders-in-Chief Intelligence Plots.

Reserve Seabees provided direct support at various activie force locations, incluidng Rota, Spain; Guantanamo Bay, Cuba; and Guam.

Cargo Handling Battalions assisted active commands in movement of cargo for storage and load out of deploying units.

During the past year we have also provided direct assistance to the Coast Guard and the Customs Service through participation in the South Florida Drug Interdiction Task Force. As early as April 1982 our E-2B aircraft began flying missions which totalled more than 300 hours last year. Starting last November, our P-3 aircraft logged over 250 hours on station, searching for and passing suspect contacts to Coast Guard prosecuting units. We are currently responsbile for seven of the seventeen days per month the Navy provides in E-2 aircraft support. Our P-3 aircraft continue to fly missions from bases in the Southeast in conjunction with training and provided approximately 75 hours of assistance during the first two months of this year.

FISCAL YEAR 1984

Our program for fiscal year 1984 reflects support for an evolving and improving Naval Reserve. We plan to increase the numbers of Reservists to match more closely our requirements, we will improve the frequency of quality training and we will take additional steps in our program to improve our capabilities through modernizaton of our equipment. These requested improvements will better enable the Naval Reserve to become a more effective part of the Navy's total force.

Reserve personnel strength

The average paid drill strength requested for fiscal year 1984 is 96,046. This is a major step in our phased growth to meet our Selected Reserve requirements, as validated by the Navy Manpower Mobilization System (NAMMOS), by the end of fiscal year 1987. Our plan calls for reaching 99,744 Selected Reservists in Category A by the end of fiscal year 1984.

An essential part of our planned growth is the introduction of a new non-prior service accession program, the Sea and Air Mariner, or SAM, in fiscal year 1984. This program will offer a variety of initial skill training options. They will include the traditional Navy "A" school, Navy sponsored civilian Vocational/Technical (VOTEC) training, a program for split summer training for high school juniors and for seniors who are planning on college, and some who will be given credit for their civilian acquired skills.

This plan will increase our non-prior service accessions from our traditional level of 2,000 to 10,000 a year starting next year. This will not only enable us to fill many of our currently vacant positions for junior enlisted members in our ships, squadrons and medical support units, it will add a new measure of vitality to the Naval Reserve. This accession level translates into an average strength of 3,000 with a planned end strength of 4,750 in Training Category F.

The planned strength of our Medical Support personnel in the Individual Mobilization Augmentee (IMA) program increases to an average strength of 612 and to an end strength of 650.

We are requesting an increase of 1,808 in the number of Reservists on full-time active duty in support of the Naval Reserve by the end of fiscal year 1984. A significant part of this apparent growth (674) is the result of a further identification of Reserve Program billets and the requirement to account for them in the Reserve Personnel, Navy (RPN) appropriation. The remaining 1,134 do represent program growth and are required for: additional DC-9 squadrons and manning improvements in other squadrons, the manning of the first three Oliver Hazard Perry class frigates (FFG-7's) and manning improvements in other Naval Reserve Force (NRF) ships, the expanision of our Shore Intermediate Maintenance Activities (SIMA's), increases in aviation base operation and headquarters support, and an associated increase in the Transient account. These various categories of Naval Reservists result in an overall request for an average strength of 112,600 and a planned end strength of 118,990 as indicated in the following table:

NAVAL RESERVE STRENGTH REQUEST

	Average strength	End strength
Selected Reserve—CAT A (48 drills/2 weeks ACDUTRA)	96,046	99,744
Training pipeline—CAT F (while on initial ACDUTRA only)	3,000	4,750
Individual mobilization augmentees—CAT D (2 weeks ACDUTRA only)	612	650
Full-time support personnel (TAR's and section 265 recalls)	12,942	13,846
Total	112,600	118,990

Force structure and equipment

The Naval Reserve has embarked on a comprehensive modernization program.

The implementation of the ASW Frigate Plan is on schedule with four FF-1052 class frigates already in the force and two more arriving in the summer of 1983. The Naval Reserve ASW force will continue to build until 8 FF-1052's and 16 FFG-7's are in the force in 1988. These ships will be supported by the SH-2F LAMPS MK 1 helicopter squadrons which join the Reserve force commencing in 1984. All NRF ASW ships will have Reserve SH-2 detachments. A major portion of organizational and intermediate maintenance for these ASW ships will be provided by collocated

Naval Reserve Maintenance Facilities. We now have four of these facilities in operation with more to follow as homeporting plans are finalized.

The Naval Reserve Force currently has 85 percent of the total Navy Minesweeper (MSO) capability. As these ships start reaching obsolescence, they will be replaced in the NRF by new Mine Counter Measure (MCM) and Minesweeper Hunter (MSH) ships both of which have significantly increased capabilities.

The portion of our structure devoted to medical programs will expand significantly since the mobilization requirements for Healing Arts personnel are growing from 4,500 in fiscal year 1982 to over 17,000 by the end of fiscal year 1985. These requirements are for backfilling Naval Hospitals as active duty staffs are reassigned to meet contingency requirements, and for supporting the Fourth Marine Division Wing Team, Fleet Hospitals and Fleet activities.

The transition of the F/A-18 into the Naval Reserve is progressing on schedule with the stand-up of the first squadron in fiscal year 1984. The second Reserve F/A-18 Squadron was originally planned for fiscal year 1987 but has now been moved forward to fiscal year 1986.

The SH-2F LAMPS MK 1 is also on schedule with the first squadron transitioning in fiscal year 1984. The second squadron will follow in fiscal year 1985 with the remaining squadron the following year.

The introduction of the A-7E to the Naval Reserve has suffered a setback because of changing fleet requirements. The original introduction scheduled for fiscal year 1984 is now programmed to commence in fiscal year 1987 followed by two additional squadrons the following year. This is a critical area for the Naval Reserve in view of Navy-wide problems with the TF-30-P408 engine. This problem, if not corrected soon, will virtually put us out of the attack business by this fall. We are looking at alternative solutions with emphasis on accelerated repair of the engines and an immediate transition of Reserve squadrons from A-7B's to A-7E's and FA-18's.

The replacement for the retiring C-118 aircraft with used commercial DC-9's is proceeding on schedule. We plan to use the $16.2 million authorized by Congress last year to procure DC-9's this year. The number is uncertain since we have not closed out our Request For Proposal (RFP). Our current budget request includes $21.3 million to lease as many as 10 DC-9s in fiscal year 1984. We plan to procure used aircraft in 1985 up to the required total of 12 DC-9's.

Although the transition of the first squadron to the E-2C aircraft was programed for in fiscal year 1984, a recent change in fleet aircraft programing will allow the first E-2C transition to commence in May of this year. The second squadron is programed for transition in fiscal year 1988.

To upgrade our fighter capability, the older F-4N aircraft are being replaced with the newer F-4S. The Naval Reserve currently has two F-4S squadrons, and will transition the remaining two squadrons in fiscal years 1985 and 1986.

Currently our modernization program does not provide for the replacement of our RF-8G (RECON), the EA-6A (EW), KA-3B (tanker), or the introduction of the A-6E and F-14 aircraft to the Naval Reserve.

In the Reserve Maritime Patrol aircraft, the TACNAVMOD program is designed to upgrade the P-3A/B to meet the ASW threat of the 1980's. Our objective is to have the 13 VP RESFORONs TACNAVMOD equipped by Fiscal Year 1987. To accomplish this objective, 134 Reserve aircraft must be modified. To date, 61 modification kits have been procured. We plan to procure 12 from the fiscal year 1983 Congressional addition of $15 million for Naval Reserve equipment. Funds for 19 kits have been requested for fiscal year 1984. If P-3C's are bought for the active Navy at the planned rate of six aircraft per year, 27 TACNAVMOD aircraft will be reassigned to the Naval Reserve from the active force by the end of fiscal year 1987. Although the remaining requirement for 15 kits necessary to complete these modifications by Fiscal Year 1987 is not programmed fully at this time, the Navy's long range plan is to have an all modified P3 force in the Naval Reserve.

The Naval Reserve is programmed to contain the following commissioned units by the end of fiscal year 1984:

Ships	36
Destroyer (DD)	1
Frigates (FF/FFG)	9
Minesweepers (MSO)	18
Tank landing ships (LST)	2
Fleet ocean tugs (AFT)	4
Salvage ship (ARS)	2
Special boat units (numerous craft)	4
Mobile inshore undersea warfare (MIUW) units	16
Mobile construction battalions (MCB)	17

Cargo handling battalions (CHB)	6
Squadrons of aircraft	51
Carrier Air Wings (CVWR)	2
Fighter squadrons (VF)	4
Attack squadrons (VA)	6
Light photographic squadrons (VFP)	2
Carrier airborne early warning squadrons (VAW)	2
Tactical electronic warfare squadrons (VAQ)	2
Aerial refueling squadrons (VAK)	2
Patrol wings (RESPATWINGS)	2
Patrol squadrons (VP)	13
Helicopter wing (HELWING RES)	1
Helicopter antisubmarine squadrons (HS)	4
Helicopter combat support squadrons (HC)	1
Helicopter attack (light) squadrons (HAL)	2
Tactical support wing (RESTACSUPWING)	1
Fleet logistic support squadrons (VR)	11
Fleet composite squadrons (VC)	2

The Naval Selected Reserve also has approximately 2,100 Reinforcing and Sustaining units organized and trained to support the following Naval programs:

Submarine Forces
Mine Forces
Mobile Logistics Support Forces
Surface Combatant Forces
Air Forces
Construction Forces
Amphibious Forces
Marine Corps
Special Warfare Forces
Major Fleet/Force Commands
Unified/Joint Shore Commands
Support of Allies
Telecommunications
Security Group
Intelligence
Oceanography
Research
Military Sealift
Naval Control of Shipping
Bases and Stations
Naval Material Command
Air Systems
Electronics Systems
Facilities Engineering
Sea Systems
Civil Defense
Supply Systems
Merchant Marine
Medical
Training
Personnel System
Public Affairs
Law
Chaplain
Selective Service

The President's budget also requests over $50 million in the Aircraft Procurement, Navy (APN) appropriation to be used for necessary modifications of Naval Reserve aircraft and more than $11 million in the Other Procurement, Navy (OPN) appropriation.

These OPN funds are earmarked for various support and training equipments such as shop equipment for our Shore Intermediate Maintenance Activities (SIMA's), cryptologic equipment for our security groups, and Shipboard Simulators (SBS's) and Damage Control Trainers (DCT's) to train our ship reinforcement units.

Major equipment shortfalls exist in many areas of the Surface Reserve. The most significant areas are in the Mobile Construction Forces, Cargo Handling Battalions and Beach Groups. These shortages include major equipments such as earth moving equipment, trucks, trailers, weight handling equipment and a sizable shortage of tools, clothing, bedding, tents, etc.

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is supported primarily by two appropriations; the Reserve Personnel, Navy (RPN) and the Operations and Maintenance Naval Reserve (O&MNR) appropriations. First, I will discuss the Reserve Personnel, Navy appropriation.

Reserve personnel, Navy

The Reserve Personnel, Navy (RPN) appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two provides funding for Other Training and Support, including active duty TAR personnel, the Reserve Officer Candidate program, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship program, and the Navy Junior Reserve Officer Training Corps. The total fiscal year

1984 RPN appropriation request is for $743.2 million, which consists of $385.2 million for Budget Activity One and $358.0 million for Budget Activity Two.

This funding request will support an average strength of 112,600 Reservists in paid status, including 12,942 full-time support personnel. This reflects an increase of $78.9 million over the level appropriated for fiscal year 1983, $66.7 million of which supports a 7,100 increase in Reserve strength. $26.5 million is included for 2,050 additional man-years for the Sea and Air Mariner Reserve Enlistment Program, $12.5 million for a 3,818 increase in average Selected Reserve strength, and $27.7 million for increased full-time support average strength of 1,232. Another $3.4 million is for escalation in costs, $4.5 million is for changes in Reserve programs, and $4.2 million is for ROTC and Health Scholarship increases.

The requested increases will allow the Naval Reserve to comply with Congressional guidance to increase Reserve manning for Naval Reserve Force ships and to start our growth in Selected Reserve strength to meet NAMMOS requirements by the end of fiscal year 1987.

Operations and maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is the Operations and Maintenance, Navy Reserve (O&MNR) appropriation. The Naval Reserve is dependent upon funds in this appropriation for support of mission forces, depot maintenance, and other support. Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Navy and Marine Corps Reserve. It also includes operating and maintenance funds for Naval Reserve ships. Depot Maintenance includes funds for rework of aircraft, engines, contractor technical support and for Naval Air Reserve activities. Other Support provides funding to operate and maintain the Air Stations, Reserve Centers, and Reserve Facilities supporting the Naval Reserve forces and for various command and administrative activities.

The funding requested for the O&MNR appropriation for fiscal year 1984 is $693.0 million, which is a $55.5 million net increase over the fiscal year 1983 funding level of $637.5 million. Program growth is primarily for Reserve Air Forces in the form of DC-9 leasing, C-9/UC-12B maintenance contract, new aircraft introductions and Squadron Augment Unit flight training. Base operational support was increased by $21 million through 16 separate funding actions that will improve information systems and personnel support.

Although we increased our funding request for Real Property Maintenance by almost $5 million, we will still not be able to meet the Congressional Containment Policy to limit the backlog of nondeferrable Maintenance and Repair to the fiscal year 1978 year-end level of $20.7 million. The continued deterioration of the physical plant will maintain our backlog for fiscal year 1984 at a projected level of $36.1 million, or about $15 million above the containment level.

The NRF ship steaming time of 14 days per ship per quarter remains at parity with previous years. The fiscal year 1984 flying hour program is funded at 82 percent of the Primary Mission Readiness (PMR) level.

SUMMARY

The past several years have seen significant improvement in the readiness and capability of the Naval Reserve. We have increased personnel strength, we have improved training, and we have started modernizing our ships and aircraft.

Our request for fiscal year 1984 will support further real progress in all these areas. It will enable us to improve our readiness and sustainability and accelerate our modernization, the three elements that the Chief of Naval Operations has identified as being necessary to successfully perform the Navy's mission.

I am anxious to improve our ability to become a more effective part of the Navy's Total Force, as are all the members of the Naval Reserve.

We recognize the role we must play if the Navy is to provide the maximum war fighting capability for the least outlay of scarce fiscal resources.

I will be happy to respond to any questions or provide any additional information you may request.

Senator HUMPHREY. Commodore Riendeau, would you proceed.

STATEMENT OF COMMODORE GERALD L. RIENDEAU, DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Commodore **Riendeau**. I appreciate the opportunity to appear before the committee to participate in this hearing and to examine our O&M budget.

I would like to emphasize that the basic objective that this budget request supports is the attainment of readiness goals while maintaining a level of support necessary to meet our responsibilities.

Recognizing the overall budgetary economic concerns facing our Nation, we have stringently reviewed all requirements and we have carefully balanced our resources between readiness, sustainability, modernization, and force structure.

FLEET READINESS

Our emphasis continues to be on fleet readiness. We are acutely aware of the strong competitive demand for the Federal Government's limited resources and have based our 1984 budget request on a careful and thorough assessment of the most economic and efficient means to achieve the common objectives.

The total Navy Department O&M request this year is for $25.5 billion, an increase of $2.3 billion over last year. The operation and maintenance, Navy portion of that request is $23.2 billion, which is $2.1 billion above the current fiscal year 1983 estimate. This increase represents approximately 4.6 percent real program growth.

The strategic forces resources increase is due to an added overhaul of SSBN's, support for central supply and maintenance of over $1 billion, and real program growth increases in general-purpose forces for sealift pre-positioning, fleet support, commands, and staff and changes in forces. Ship operations and aircraft flying programs reflect lower fuel prices than 1983. At the same time, the operating tempo for ships is increasing for nondeployed forces to return to prescribed levels and recover from training shortfalls in 1983 caused by reduced exercises and workup training.

We have increases in the central supply and maintenance to accommodate three major factors—inflation, accounting transactions reflecting pay raise absorption, and reduction in fuel prices. The remainder is real program growth. The most significant elements in this growth are for depot maintenance and central supply operations.

Civilian personnel increases in supply centers will improve the physical inventory of spares and equipment, thereby insuring that items which have been procured are made available to the fleet in a timely manner.

We have increases in training, medical, and general personnel activities, including factory training and medical support. The growth in medical support provides for training of additional personnel and an increase in clinical workloads in Navy medical facilities, permitting absorption of workloads which would otherwise have been included in the more expensive CHAMPUS programs.

The operations and maintenance Naval Reserve budget request is $693 million or $55 million above the fiscal year 1983 request.

The fiscal year 1984 request provides funding for 36 Naval Reserve ships and an average of 610 operating aircraft. The funding also provides for 5 ship overhauls and 11 selected restricted availabilities as well as aircraft depot level and rework programs to take maintenance.

The Navy-Marine aviation primary mission readiness is 82.1 percent. The fiscal year 1984 request includes flying hours for the 13th Air Wing and a slight increase in Marine Corps units.

In the ship operations area, our deployed forces will continue to operate 50 days per quarter and the fiscal year 1984 budget returns the non-deployed-forces tempo to a prescribed level of 29 days per quarter.

The ship maintenance program reflects a decrease of 12 overhauls from the 1983 program. Although the 1984 program has fewer overhauls, it includes a more complex mix of ships. There is both a phaseup and refueling of SSBN's in a naval shipyard and overhauls for two *Los Angeles*-class submarines.

The backlog of ships overdue for overhaul remains at 13. The mission capable rate is a primary indicator of aircraft materiel readiness and it increases from 63 to 65 percent.

I appreciate this opportunity to summarize the fiscal year 1984 budget request and I am ready to answer any questions, sir.

[The prepared statement of Commodore Riendeau follows:]

PREPARED STATEMENT OF COMMODORE GERALD L. RIENDEAU, DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today to present the Navy's fiscal year 1984 budget request for the Operation and Maintenance appropriations. The Marine Corps representative will address the Marine Corps' Operation and Maintenance appropriations.

Before discussing the details of the Operation and Maintenance budget, I would like to emphasize the basic objectives which this appropriation supports—the attainment of readiness goals while maintaining the level of support necessary to meet our global responsibilities. This appropriation is, in effect, the life blood of our operating forces. The level of operations and maintenance funding is of paramount importance in our ability to control the sealanes and preserve the peace. In recognition of the overall budgetary and economic concerns facing our nation this year, we have stringently reviewed all requirements and we have carefully balanced our resources between readiness, sustainability, modernization and force structure, in order to achieve our national commitment of maritime superiority in key ocean areas in conjunction with our allies. As the Chief of Naval Operations and other Navy principals have testified, we are a Navy on the mend. The steady course the Congress has helped set to rebuild the Navy, following the declines suffered in the 1970's, must be maintained. With your full support, we will reestablish the maritime strength so vital to America's security.

In fiscal year 1984, as in past years, our emphasis continues on fleet readiness, with increases to support higher force levels, prescribed readiness training, and elimination of the executable aircraft and weapon system depot maintenance backlog. We are acutely aware of the strong competitive demand for the federal government's limited resources and have based our fiscal year 1984 budget request on a careful and thorough assessment of the most economic and efficient means to achieve our common objectives. Chart 1 displays the total Department of the Navy Operation and Maintenance request of $25.5 billion which is an increase of $2.3 billion over last year.

CHART 1.—APPROPRIATION SUMMARY FISCAL YEARS 1983–84

[Dollars in millions]

Appropriation	Fiscal year—		Change (in percent)	Change
	1983	1984		
O&MN	$21,094	$23,226	10.1	+$2,132
O&MMC	1,470	1,576	7.2	+106
O&MNR	637	693	8.8	+56
O&MMCR	51	54	5.9	+3
Total O&M	23,252	25,549	9.9	+2,297

The Operation and Maintenance, Navy appropriation finances the day-to-day operation of active Navy forces located in the United States and around the world, and supports those operations which have the most direct and immediate impact on the current readiness of the Navy. This appropriation includes operating funds for 485 active fleet ships, 4,245 aircraft, and a network of shore installations and commands. Naval forces, operating under the control of the unified and specified commanders, deploy to the Indian Ocean; Northern, Eastern and Western Pacific; North Atlantic; Central and Eastern Mediterranean; and Caribbean and Central America regions.

Table 2 displays the Operation and Maintenance, Navy request of $23.2 billion which is $2.1 billion above the current fiscal year 1983 estimate of $21.1 billion. Our fiscal year 1984 request, if approved, will support increased requirements primarily for aircraft rework and depot maintenance, supply and base operations support, sealift prepositioning, fleet support, commands and staff, non-deployed fleet OPTEMPO for training, additional fleet forces, and other weapon system maintenance.

CHART 2.—OPERATION AND MAINTENANCE, NAVY

[In millions of dollars]

	Fiscal year—			
	1982	1983	1984	1983–84
Strategic forces	1,443.0	1,720.7	1,984.9	+264.2
General purpose forces	9,773.9	10,510.0	10,681.3	+171.3
Intelligence and communications	842.6	922.0	1,074.9	+152.9
Central supply and maintenance	5,373.0	5,630.8	6,782.9	+1,152.1
Training, personnel, and general personnel activities	1,721.3	1,840.7	2,026.0	+185.3
Administration and associated activities	437.7	469.2	673.1	+203.9
Support of other nations	.1	.3	2.5	+2.2
Total operation and maintenance	19,581.7	21,093.7	23,225.6	+2,131.9

The fiscal year 1984 increase in Strategic Force resources is attributable to four overhauls vice three in fiscal year 1983, an increase in nuclear related repairs and modernization, and the final phase of implementing a congressionally directed change in funding for ship overhauls.

Increases in General Purpose Forces occur in sealift pre-positioning, fleet support, commands and staff and base support. Ship operations and aircraft flying programs reflect lower fuel prices from fiscal year 1983. If fuel prices had remained constant (fiscal year 1983 and fiscal year 1984) the General Purpose Forces increase would have been $365 million greater on a comparative basis. Operating tempo is increased for non-deployed forces to recover from fiscal year 1983 curtailments made necessary that year as a result of reduced exercises and work-up training. The increase restores the non-deployed forces to prescribed levels and continues global presence generally at fiscal year 1983 levels. Ship maintenance increases in cost while the number of overhauls decreases. This anomaly is caused by the changing mix of ships in overhaul, increasing numbers of selected restricted availabilities, and the final phase of implementing a congressionally-directed change in funding for ship overhauls.

The increase in Central Supply and Maintenance is related to three major factors. About 40 percent of the increase is due to inflation, and another 32 percent is related to accounting transactions to reflect the fiscal year 1983 pay raise for industrial fund personnel and the fiscal year 1983 Congressional reduction for fuel prices. The remainder of the increase is real program growth. The most significant elements of this growth are in depot maintenance and in supply center operations. In depot maintenance, the increased funding will eliminate the executable backlog of depot level repairs for airframes, aircraft engines, ship-launched and air-launched missiles and ordnance, other aviation support equipment, torpedoes, and other ship-borne equipment such as radars, sonars, and fire control systems. Personnel increases in the supply centers will improve the physical inventory of spares and equipment, thereby ensuring that items which have been procured are made available to the fleet in a timely manner.

Training, Medical, and Other General Personnel Activities include increases in factory training, training equipment maintenance, and medical support. Factory trraining reflects the delivery of increasing numbers of weapons systems budgeted in fiscal year 1981 and later. Systems budgeted prior to fiscal year 1981 included factory training funding in procurement appropriations. The increase for training equipment maintenance results from the phase out of military personnel who currently maintain the equipment. The growth for Medical Support provides for the training of additional personnel and an increase in clinical workload in Naval medical facilities, which will permit absorption of workload which otherwise would result in a requirement for more expensive CHAMPUS funding.

The vast majority of the increase in the Administration and Associated Activities line is due to the transfer of funding for the employee and unemployment compensation funds from another budget activity, and transfers to reflect industrial funding of the regional data automation centers. Program increases include minor amounts to develop improved and more efficient Navy wide accounting systems.

Operation and Maintenance, Navy Reserve

The Operation and Maintenance, Navy Reserve fiscal year 1984 request of $693.0 million is $55.5 million above the fiscal year 1983 appropriation of $637.5 million. The appropriation consists of three budget activities: (1) Mission Forces; (2) Depot Maintenance, and (3) Other Support. In fiscal year 1984 Mission Forces provide for the operation and maintenance of 36 Naval Reserve Force ships with 30,357 underway steaming hours, and an average of 610 operating aircraft with 223,924 flying hours. Also included in Mission Forces is funding for 5 regular ship overhauls, 11 Selected Restricted Availabilities as well as intermediate level maintenance of ships and craft, operation of surface support forces, overhaul and modernization of ship equipment and related support, operation of special combat forces and fleet operations support. Depot maintenance provides support for the reserve aircraft rework program and the Contractor Engineering Technical Support (CETS) program. The fiscal year 1984 aircraft rework program includes funding for 161 airframe and 313 engine reworks. The Other Support budget activity encompasses support for various command and administrative activities. In addition, funding to operate and maintain 6 air stations, 2 air facilities, 1 Naval Support activity as well as 266 minor installations supporting Naval Reserve Forces are included in Other Support funding. Significant changes in several program areas displayed in chart 3 are discussed below.

CHART 3.—OPERATION AND MAINTENANCE, NAVY RESERVE

[In millions of dollars]

	Fiscal year—			
	1982	1983	1984	1983–84
Air reserve force	221.1	212.3	232.4	+20.1
Surface support force	5.0	5.4	5.3	−.1
Ship operation	47.4	35.8	36.6	+.8
Ship maintenance	62.8	118.6	119.7	+1.1
Aircraft maintenance	85.2	108.1	114.0	+5.9
Contractor technical engineering services	8.9	10.0	7.5	−2.5
Base operations	130.9	145.6	166.5	+20.9
Other	0	1.6	11.0	+9.4
Total Operation and maintenance, Navy Reserve	561.3	637.5	693.0	+55.5

Air Reserve Force program growth occurs primarily from an increase in the number of flight hours to support mission requirements and an increased aircraft inventory. This increase is mainly due to the addition of four UDC-9 aircraft to support the Naval Reserve organic airlift capability. Other programmatic expansions for F/A-18, SH-2F, E-2C and UC-12B aircraft are partially offset by reductions for A-4, C-118, E-2B and SH-3D programs. The aircraft depot level maintenance backlog will be eliminated during fiscal year 1983, resulting in fiscal year 1984 savings.

The Navy Reserve ship maintenance readiness enhancement effort continues in fiscal year 1984 as the Shorebased Intermediate Maintenance Activities (SIMA-NRMF) respond to the migration of two additional FF-1052s to the Naval Reserve Force in fiscal year 1983 and three FFG-7s in fiscal year 1984. Increased costs for the FF-1052 phased maintenance program and the MSO extended cycle Selected Restricted Availability (SRA) program are offset by a decrease in the number and mix of regular overhauls (from 12 in fiscal year 1983 to 5 in fiscal year 1984).

An increase in real property maintenance activities, primarily for facility maintenance contracts, additional base support for the increase in Selected Reserve levels (105,500 to 112,600 average strength) as the Naval Reserve initiates the process to build to NAMMOS (Navy Manpower Mobilization System) strength requirements by fiscal year 1987, and funding support for Navy Regional Data Automation Centers have caused an increase in base operations.

CIVILIAN MANPOWER

Civilian manpower comprises a vital segment of the Department of the Navy's manpower resources. The majority of our civilian employees are directly related to our readiness posture. Over half work in industrial funded activities which are primarily engaged in depot level maintenance and repair of ships, aircraft, missiles and associated equipment. Many of our civilians also perform essential readiness support in supply centers, Naval and Marine Corps bases and air stations. The balance of our civilian work force provides vital support in such areas as training, medical, engineering, research and development, and acquisition, all of which have a longer-range effect on readiness. Such civilian support is essential if we are to build, operate, and maintain a 600-ship Navy and provide for increased Fleet Marine Force capabilities.

Prior to addressing civilian manpower levels proposed for fiscal year 1984, I would first like to summarize the changes which have occurred in the fiscal year 1983 end-strength estimate—changes which are primarily the result of the fiscal year 1983 congressional authorization review.

The fiscal year 1983 end year estimate for civilian personnel represents an increase of 10,164 over the fiscal year 1983 President's budget, reflecting adjustments for functional transfers, Navy commissaries and contracting-out estimates. The current fiscal year 1983 total is 330,736 civilian end-strength. The congressional restoral of 3,000 civilian end-strength after cancellation of the plan to convert Navy commissary employees to nonappropriated fund status is reflected in the budget request. In addition, the Armed Services Conferees directed that the Secretary of Defense not reflect anticipated contracting-out end-strength savings in advance in the budget. Accordingly, the budget request reflects full restoration of the 7,625 positions previously deleted from the fiscal year 1983 President's budget submission, with appropriate adjustments for fiscal year 1984 and the outyears.

Specific fiscal year 1983 adjustments are summarized in chart 4:

CHART 4.—*End strength*

Fiscal year 1983 President's budget	320,572
Functional transfers	+164
Navy commissaries	+3,000
Contracting-out restorations	+7,625
Other	−625
Fiscal year 1983 revised	330,736

The fiscal year 1984 estimate of 334,278 reflects a net increase of 3,542 positions, the majority of which are for direct readiness-related functions, such as supply centers, Military Sealift ship manning, fleet activities, and Marine Corps support. Central supply staffing increases will result in improved inventory management and more responsive, timely, and efficient provision of supplies to the fleet. Military sealift increases provide for additional civilian mariners to man an expanded Military Sealift Command fleet of support ships as well as for essential management and support of this expanded fleet. Fleet operating bases and stations will also receive additional civilians to enhance their ability to maintain a high level of fleet operational readiness. Marine Corps support increases include provision for maintenance of equipment embarked aboard maritime prepositioning ships as well as for improved supply support. These increases represent a continuation of the readiness improvements begun in fiscal year 1981 which have resulted in a significant reduction in the backlog of ship overhaul deferrals, improved aircraft maintenance, a more responsive supply system, and expanded, civilian-manned Military Sealift Command fleet of support ships.

Chart 5 summarizes these fiscal year 1984 adjustments:

CHART 5.—*End strength*

Fiscal year 1983 revised	330,736
Central supply	+959
Military sealift	+446
Fleet activities	+597
Marine Corps	+280
Other	+1,260
Fiscal year 1984 total	334,278

A display of the total DON Civilian Personnel resources is provided in the next chart (chart 6).

CHART 6.—CIVILIAN MANPOWER SUMMARY

	End of year strength[1]			
	1982	1983	1984	1983–84 change
Total—Department of the Navy	319,064	330,736	334,278	+3,542
By service:				
Navy	298,873	309,398	312,660	+3,262
Marine Corps	20,191	21,338	21,618	+280
By type of hire:				
Direct hire	308,395	319,907	323,361	+3,454
Indirect hire foreign national	10,669	10,829	10,917	+88

[1] By fiscal year.

READINESS

Readiness indicators give us a way of summarizing the effect of budgetary changes on the Navy's ability to respond in a crisis. Details follow on readiness indicators for aircraft and ship operation, ship maintenance, aircraft rework and munitions. The funds requested will provide for operation and training of our existing forces at a level of readiness that will permit the Navy to respond.

Fleet operational tempo

In fiscal year 1984, Navy/Marine primary mission readiness (PMR), which is a measure of tactical/anti-submarine warfare (ASW) crew readiness, is 82.1 percent (includes 2 percent simulator contributions). The program includes flying hours for the 13th Airwing squadrons, and slight increases for Marine Corps units.

The tempo of ship operations is presented as planned days per quarter at sea. Our deployed forces will continue to operate in the oceans of the world under fixed and flexible scheduling at nominally 50 days per quarter. The fiscal year 1984 budget returns non-deployed tempo to a precribed level of 29 days. The next chart (chart 7) displays these operational statistics for fiscal year 1982 through fiscal year 1984.

CHART 7.—FLEET OPERATIONAL TEMPO

	Fiscal year—		
	1982	1983	1984
Aircraft:			
Active:			
Percent of PMR (includes simulators)	83.6	83.0	82.1
Percent of FRS (required hours)	100.0	100.0	100.0
Percent of fleet support (required hours)	80.0	83.0	75.0
Reserve (hr per pilot per yr)	137.0	134.0	129.0
Ships (days/qtr):			
Active forces:			
Deployed	57.6	50.5	50.5
Nondeployed	29.0	26.9	29.0
Reserves	14.0	14.0	14.0

Ship maintenance and aircraft rework

Charts 8 and 8.1 summarize various categories of activity and levels of funding for maintenance and modernization of active forces. The ship maintenance program reflects a decrease of twelve in the number of overhauls from fiscal year 1983 and fiscal year 1984 and an increase in requested resoruces of $227.6 million. Although the fiscal year 1984 program has fewer overhauls, it generally includes a more complex mix of requirements. For instance, the amphibious overhaul mix is more expensive and there are fewer auxiliary types that require overhaul in fiscal year 1984. Also, the schedule includes a phase-up and refueling overhaul for a SSBN in a naval shipyard (the second in recent years); the initial overhauls for two *Los Angeles* class submarines; and the final phase-in the Congressionaly directed funding structure change. The backlog of ships overdue for overhaul remains at 13 in fiscal year 1984.

The primary readiness indicator now being used for aircraft material readiness is the Mission Capable (MC) rate. This budget reflects an increase in mission capable rate from 63 percent in fiscal year 1982 and fiscal year 1983 to 65 percent in fiscal year 1984. We have found that other indicators which we have previously used for aircraft programs, (i.e. airframes on extension, bare firewalls, and percentage of component funding) are more accurately described as depot maintenance performance indicators rather than readiness indicators. For example, airframes on extension reflect economic repair considerations as well as safety, and do not necessarily reflect degraded readniess. These latter indicators are currently being studied by the Navy to determine what kinds of measures and data will more closely correlate depot maintenace requirements with readiness.

CHART 8.—SHIP MAINTENANCE

[Dollars in millions]

	Fiscal year—					
	1982		1983		1984	
	Number	Cost	Number	Cost	Number	Cost
Ship maintenance/modernization:						
Overhauls	63	$2,156.5	61	$2,549.3	49	$2,357.2
RA/TA		812.3		892.3		1,060.2
Modernization		934.2		876.5		1,052.6
IMA		246.1		285.3		321.6
Technological support		99.4		121.9		120.5
Outfitting		161.3		203.3		239.8

CHART 8.—SHIP MAINTENANCE—Continued

[Dollars in millions]

	Fiscal year--					
	1982		1983		1984	
	Number	Cost	Number	Cost	Number	Cost
Berthing and messing		[1] 0		40.4		34.6
Inactivations (SALT)		10.1		33.6		43.7
Total		4,419.9		5,002.6		5,230.2
Deferred O/H's		16.0		13.0		13.0

[1] $34.8 million obligated in BA-7.

CHART 8.1.—AIRCRAFT REWORK

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Airframes	302.0	273.9	394.1
Engines	182.7	183.4	212.3
Components	755.6	850.9	1,223.6
Mods installations	188.9	210.1	277.8
Support services	49.0	53.2	64.4
Total	1,478.1	1,571.7	2,172,3

CONCLUSION

I appreciate this opportunity to describe the Department of the Navy's fiscal year 1984 budget request. This budget is part of the building effort to achieve the warfighting capability necessary to meet the threat. We have, with very limited real growth, improved readiness and sustainability while continuing our progress toward a 600-ship Navy.

Senator **Humphrey**. Thank you. I will be referring to your prepared statement.

Admiral Moreau, in your statement you touch on the joint operations with our allies and other U.S. military services.

What is the trend there, 1983–84? Are you anticipating more such exercises and do you have the funds for a greater number?

Admiral **Moreau**. We are funded at a desirable level for the degree of participation that our allies, speaking first of allies, are interested in.

As you know, we conduct exercises with allies on a broad base. That is comprised of ourselves and our NATO allies, regularly scheduled NATO exercises and bilateral exercises, not only with those countries with whom we have bilateral treaties, but with a wide range of friends and allies in the Third World which are really coming out of normal operating tempo and normal operating companies.

They are very well received by the allies. They are anxious to do that and we do it at every opportunity and I think we are well funded for it.

With respect to exercises with other services, meaning joint exercises, there is a much increased trend toward that. There has been a very conscious effort in JSC to increase close service operations.

You may be aware that specifically with the Navy and Air Force here 1 year ago we signed a memorandum of understanding designed specifically to increase and improve interoperability.

It runs a wide range. That is from mine laying, air interdiction, operations with the maritime version of their AWACS, B-52's and sea surveillance roles. It is an active program and when we get into a closed session we can talk some more about the very large fleet and Air Force participation during the last 2 weeks, just concluded 2 days ago.

We and the Air Force are funded at that level and we have a very ambitious program.

TRAINING EXERCISES

Senator **Humphrey**. We are concerned about training and that is why I inquire. I might ask about U.S. branches.

Are you or your staff able to break out the dollar figures here, or in any way quantify the trend? That is what we are looking at. We want to look at the trends. This is an area of training.

Do you have any way of quantifying that for us, how much you are doing in 1984 versus 1983?

Admiral **Moreau**. I would like to take the question regarding the funding. We will provide it to you two ways. We will provide it to you first in a list of those exercises which we conduct to see a trend and level, and second, very unique funding is required.

Senator **Humphrey**. That will be fine, but for now can you tell us or are you anticipating in the 1984 budget an increased number of exercises or about the same or fewer with your other U.S. Forces?

Admiral **Moreau**. I would hope we can conduct next year about the level we had this year which is a very significant increase over previous efforts.

Senator **Humphrey**. So the 1984 budget request would allow you to conduct about the same number of joint exercises?

Admiral **Moreau**. Yes, sir, and this year we are doing more than we have ever done. We and the Air Force have stretched ourselves to the limit in the specific effort of flow operability.

Senator **Humphrey**. Then in the wider area of joint operations with other allied nations, what is the trend in that area?

Admiral **Moreau**. The trend has been about steady and should remain steady. In this year we have had a reduced number of exercise completions for the reasons of emergency operations requirements such as in Lebanon where the Marine forces essentially locked into the eastern Mediterranean for much of the year. The battle group has been there and we have had to forgo some regularly scheduled naval exercises.

I would hope that we will regain those during this year and have the funds to do that.

Senator **Humphrey**. Perhaps you may want to direct this to your colleagues, but how much of the real increase in the O&M is going to be eaten up by increased force structure, aircraft, and that type of thing?

Admiral **Moreau**. The budget request takes into account the balance between the procurement side and the O&M side of the house. From my perspective, I feel we have a good balance between those two in the 1984 budget.

OPERATION AND MAINTENANCE REAL GROWTH

Senator **Humphrey**. That is fine, but what is the real growth in the O&M?

I saw it here in someone's testimony.

Admiral **Moreau**. The real growth is 4.6 percent.

Senator **Humphrey**. That is over last year?

Admiral **Moreau**. That is 1984 over 1983.

Senator **Humphrey**. The dollar figure of growth?

Admiral **Moreau**. Yes, sir.

Senator **Humphrey**. How much of that real growth, in your view, is going to be eaten up by virtue of the fact that the force structure is larger?

Admiral **Moreau**. From my vantage point I see very little of it being eaten up by the force structure.

Senator **Humphrey**. The increased requirement?

Admiral **Moreau**. Yes; the gains and losses. It is a very finely tuned balance maintaining the O&M expenditure proportionate to the new systems coming on line in 1984. As you know, a lot of the procurement dollars that have been put in there in the last few years won't necessarily be operating units in 1984. As we project out, we will project a balance of readiness support dollars to the support growth.

Senator **Humphrey**. Do you have a larger O&M proportion in 1983 or will you have a larger one in 1984?

Admiral **Moreau**. A larger one in 1984.

Senator **Humphrey**. That will obviously cost more to operate and maintain?

Admiral **Moreau**. Yes, sir; and in this year we will be looking at $2.1 billion increase of O&M funds over the 1983 figure.

IMPROVEMENTS IN MAINTENANCE BACKLOG

Senator **Humphrey**. What I am getting at is we are looking for improvements in things like backlog maintenance and I am not asking you to respond to that now, because I will get into that later, but it just doesn't seem reasonable to me that the full 4.6 percent real increase is going to be applied to the problems because some of that, some part of it has to be applied to the cost of this increased force structure?

Am I making my question clear?

Commodore **Riendeau**. Yes, sir. In an area such as ships' steaming days we have added two additional days to the nondeployed forces. They are going from 27 to 29 days per quarter in fiscal year 1984.

In aircraft reworks, we have budgeted the program to executable capacity. This will improve our materiel readiness by about 2 percent.

Admiral **Moreau**. Could I touch on that and perhaps with a little dialog we can get closer to your question.

Senator **Humphrey**. People come to us and say, this is great, we have this increase in O&M spending, but at the same time they have greater requirements which dictate a real increase. Sometimes that doesn't leave anything over for backlog problems of one kind or another.

Is this 4.6 really a meaningful program or is a lot of that going to be eaten up by the requirement of the larger force structure?

Commodore **Riendeau**. The 4.6 percent provides for a sizable reduction in the backlog of maintenance as well as additional ships and airplanes. There is not a lineal relationship between procurement and O&M.

Senator **Humphrey**. Admiral Moreau, did you want to say something on that point?

Admiral **Moreau**. We have talked about this point before and it seems to me that there has been a consistent ratio of operating costs and procurement at about 1.6.

Senator **Humphrey**. That is not really what I am getting at.

Admiral **Moreau**. That has been consistent, although the operating cost has been growing. I think I do know what you want to know.

Senator **Humphrey**. Let us talk about it in dollar figures. How many additional dollars are you getting in O&M in 1984 over 1983?

Commodore **Riendeau**. $2.1 billion.

Senator **Humphrey**. How much of that $2.1 billion is going to be applied to the cost of operating and maintaining the increased force structure? Do you have that?

Commodore **Riendeau**. It would be difficult to break it down. Could I provide that to you?

Senator **Humphrey**. All right, but I will never see it. Maybe the staff will see it, but I won't have time to go back and get it. Give me an opinion.

Is this a substantial increase or is a lot of this going to be used up to maintain a larger force structure?

Commodore **Riendeau**. The balance is going to be about the same as we had in fiscal year 1983. There is a slight improvement in the operating dollars required to operate what we are buying. That particular portion may not be 4.6 percent, but it is a percentage increase over fiscal year 1983.

Admiral **Moreau**. I understand your concern and I don't want to leave it unanswered. You are concerned, as I understand. I can give you an example of the kind of indicator that you are looking for. In the restoration program for aircraft spares which is a concern, the figure, for instance, runs from 1983 to 1984. It goes from $168 million to $287 million to $300 million in fiscal year 1984.

So you are seeing a very steep ramp-up of restoration. In ordnance until preceding the 1981 supplemental, we spent about $1 billion a year on ordnance.

Coming forward it has been about $1.7 billion, $2.3 billion, and this year about $4 billion, so you are seeing real funding and sustainability and readiness as a larger, not only an increase in rate, but as a larger portion of the budget.

We will give you a more detailed breakdown.

[The information follows:]

As noted, it is very difficult to segregate the cost of operating and maintaining an increased force structure from overall operating costs. While there have been increases in this area, these increases are attributable to numerous factors, including improved readiness. For example, in the area of aircraft spares procurement and repair, budgeted costs have increased as follows:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Aircraft spares:			
Initial	760.4	838.3	834.0
Replenishment	766.2	1,147.7	1,305.5
Total	1,526.6	1,988.0	2,139.5
Aircraft rework:			
Airframes	302.0	273.9	394.1
Engines	182.7	183.4	212.3
Components	755.6	850.9	1,223.6
Mod installations	188.9	210.1	277.8
Support services	49.0	53.2	64.4
Total	1,478.1	1,571.7	2,172.3

While budgeted funds are increasing, not all of the increases are due to an increased force structure. For example, a substantial portion of the increase is for the purpose of increasing readiness. As a result, the overall mission capable rate has increased from 58 percent in fiscal year 1980 to a projection of 65 percent in fiscal year 1984.

Senator HUMPHREY. We will get into some of these indices in a bit. That is 2.1.

Do you factor up what the rate of inflation is that you assume? What is that? Is the 2.1 a real increase?

Commodore RIENDEAU. It is a total increase. The real program growth is slightly less than $1 billion.

Senator HUMPHREY. So that has had inflation applied to it?

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. We have a vote underway and there is going to be another one following that. We are going to have to adjourn here in a moment.

I want to give Senator Levin a chance to make an opening statement and put a few questions before we go.

Senator LEVIN. Thank you, Mr. Chairman.

I don't have an opening statement. I do have some questions and I will be happy to continue these later.

U.S./SOVIET READINESS RATES

First, why don't I ask Admiral Moreau just a couple of questions that maybe he could think about while we are gone. It has to do with the readiness rates, our readiness rates vis-a-vis the Soviets and whether you could give us a comparison on that.

I don't know whether you are prepared to do that off the top of your head, but maybe while we are gone you could do a little research for us. If you could just compare the readiness of the Soviet Navy and the readiness of our Navy, and come up with some indicators including maybe how many hours per month their tactical fighter by lots fly compared to ours and how many days a month their crews spend at sea compared to ours, and how their sustainability compares to ours, and some measures like that.

Is that something that you might be able to give us today, without giving us the figures? Could you give us a general comparison?

Admiral MOREAU. When we go into closed session I would like to give you the figures for the U.S. Navy so you have a feel for that.

Senator LEVIN. Can you compare them in open session?

Admiral MOREAU. On the Soviet side, I can give you some relatively comparable figures, and maintenance philosophy and readiness indicators.

Senator LEVIN. In open session? Without giving us the figures, can you tell us, for instance, do their crews fly as much or have as many days at sea as ours and do their pilots fly as much?

Admiral MOREAU. I can talk to that.

Senator LEVIN. You can do that in open session?

Admiral MOREAU. Yes, sir.

Senator LEVIN. I would like to ask you about that when we come back.

[Recess.]

Senator LEVIN. Now, Commodore, let me ask you some questions.

FLYING HOURS

On the flying hour program, it looks as though the 1984 budget request is below the 1983 budget request for flying hours.

What is the reason for that?

Commodore RIENDEAU. The reason Senator, is the balance between operational and materiel readiness. There is a degree of trade-off where we are making a conscious decision to reduce the flying hours while at the same time increasing funding for the aircraft and component rework to improve materiel readiness. Both of these are directly related to readiness.

Senator LEVIN. Why don't we do both?

Commodore RIENDEAU. If sufficient resources were available to the Department of the Navy, we could do both.

Senator LEVIN. Would you like to see both funded?

Commodore RIENDEAU. Only if the funding was not at the expense of other vital Navy programs.

Senator LEVIN. Are both desirable?

Commodore RIENDEAU. Yes, sir, although there is practical limit to what you would fund in the rework area.

Senator LEVIN. I am talking with flying hours. You are not worried about the reduction in the flying hours, is that right?

Commodore RIENDEAU. No, sir, because I don't see it as a long-term problem. If it were extended, it would have an impact upon us, but for now I don't see that it will impact readiness.

Senator LEVIN. The primary mission ready rate, PMR, is, I presume, relevant to crew readiness, would you say?

Commodore RIENDEAU. Yes, sir.

Senator LEVIN. Is that going down this year?

Commodore RIENDEAU. That has taken a small increase.

Senator **Levin**. Is it going in the wrong direction?

Commodore **Riendeau**. Yes, and we will certainly be turning that around.

Senator **Levin**. When is that?

Commodore **Riendeau**. Hopefully, it will be corrected in the fiscal year 1985 budget. This year we did turn the ship-steaming days around.

Senator **Levin**. I am talking about the PMR, the flying hours.

Does that concern you, that rate going in the wrong direction?

Commodore **Riendeau**. If it were to continue in that direction, it would concern me considerably, sir.

Senator **Levin**. The fact it is going in the wrong direction from last year to this year, and last year, and the year before, you don't take that into consideration?

Commodore **Riendeau**. Yes, sir; we do. Ideally we would like to see that funded at 88 percent, which is the Navy's goal.

Senator **Levin**. Wasn't the 1983 rate lower than the 1982 rate?

Commodore **Riendeau**. Let me refer to my figures.

Senator **Levin**. Now it is 82.1, so it has been going down for 2 years?

Commodore **Riendeau**. Yes, sir.

Senator **Levin**. Last year you told us, well, 1 year going down is all right, and if you continue for the second year, you would be concerned.

If you check the record last year, you will find some encouraging words like that from somebody.

Admiral **Moreau**. We are talking roughly about 1 percent which is a change in PMR that is in the margin. We would like 100 percent, but that is not reasonable because of many things. Our goal is 88 percent, which is reasonable. We are currently in the 82 to 83-percent range. We think that is providing adequate readiness and I am prepared to show you training figures to support that.

Senator **Levin**. So, you don't have to be concerned because it is in the 82- and 83-percent range?

Admiral **Moreau**. In my judgment, yes, although the downward trend cannot continue.

Senator **Humphrey**. I estimate that we will resume at 3 p.m. We have two votes and we will be back as soon as we can.

Senator **Levin**. It depends upon how cantankerous our colleagues are. That is on the record, by the way.

Senator **Humphrey**. We will take a short recess.

[Recess.]

Senator **Humphrey**. The subcommittee will come to order.

Let us look at the area of personnel, which you call your persistent and principal problem area.

Do you have the kind of mental problems that the Army had or has that not been a problem with the Navy? That is the mental classification and all that kind of thing.

STATEMENT OF REAR ADM. ALBERT HERBERGER, DIRECTOR OF MILITARY PERSONNEL POLICY

Admiral **Herberger**. I am Admiral Herberger.

We did not have the same problem that the Army had. Our mental levels and our quality has been higher than the Army. It continues to be higher than the Army.

Senator HUMPHREY. You have had no problem filling your recruitment goals?

Admiral HERBERGER. No, sir, not any.

Senator HUMPHREY. Your problem has been retention?

Admiral HERBERGER. In the last 3 years we have not had any problem with filling our recruiting goals, and in the last 2 years we have not had any significant problems in our retention compared to earlier years.

Senator HUMPHREY. You still have problems in critical skill areas, and that is the problem you referred to here, is that it?

Admiral HERBERGER. Yes, sir.

RETENTION IN CRITICAL SKILLS

Senator HUMPHREY. What is being done to address retention in critical skills beyond pay and sea pay and things like that? Do you have any kind of technical pay?

Admiral HERBERGER. We have the selective reenlistment bonus program wherein we target specific moneys to those critical skill areas where we have shortages. That is probably the most effective program to target on skill losses.

Senator HUMPHREY. How long has that been in effect?

Admiral HERBERGER. At least 3 or 4 years.

Senator HUMPHREY. Is that sufficient?

Admiral HERBERGER. It is working very well now, yes, sir.

Senator HUMPHREY. What else is needed?

Admiral HERBERGER. A continued support for that program and other support in what we call the quality life area, and all of these other things that improve service life, which sort of, in a balanced way, would be helpful to help us retain our most skilled people and a base pay and allowance system that is established and is not fluctuating from year to year.

All of these factors give our most skilled personnel a feeling that the Government will support them in a consistent way and, therefore, they stay in for a career.

RETENTION OF PILOTS

Senator HUMPHREY. Let us focus on pilots. Your retention is up from 42 to 49, is that correct? That is 1981 and 1982. So you are still losing half of your pilots. What is their first commitment, their first obligation? Is it 5 years?

Admiral HERBERGER. It depends upon the program they come from. If they go into officer candidate class, it is roughly a 5-year commitment.

Senator HUMPHREY. So you are losing half of them after that first 5 years.

What is the cost of training a pilot from scratch to carrier qualification or whatever the final stage is?

Admiral HERBERGER. It is about $850,000.

Senator HUMPHREY. So every 5 years you have to go through that again.

Has anybody proposed a program where the Navy could pay its pilots more, but would have to reduce its training costs by an equal dollar amount?

In other words, pay them more to stay in so we don't have to train somebody new? Has anybody ever proposed that?

Admiral **Herberger**. We have an aviation bonus program now to target again toward that critical 8- to 10-year period when they go out of the Navy and that is working very effectively.

Admiral **Moreau**. You are paying him to stay so you don't have to train more.

Senator **Humphrey**. We are not paying them enough still, so it is a losing proposition to have to retrain at a cost of nearly $1 million half of the pilots after 5 years. You take some of that $850,000 to pay them more and could we reduce training costs by an equal dollar amount?

Admiral **Herberger**. We have a number of those pilots that go into the Reserves and that is another area where we do need them. It would take more than just the money to keep some of them in, Senator.

Money certainly will help, but it is the whole quality of life that will also make them make that career decision.

Senator **Humphrey**. What is the highest pilot retention you had, say in the last 10 years, a percentage?

Admiral **Herberger**. About 62 percent.

Admiral **Moreau**. That is 10 years ago. It is not recent years. It is around 43 percent in recent years.

The answer to your question is clearly yes, that you can deal with the marketplace to some degree and we are doing that with bonuses and where the threshold is, where you would be spending money there.

Senator **Humphrey**. How much higher can you get retention on the basis of pay and benefits? I take it the other problems are sea duty and separation and all of that kind of thing.

How much higher can you get just on the basis of pay and benefits?

Admiral **Herberger**. I would say roughly around 60 percent or something like that. There is that point again that no matter how much money you put in there, unless the quality of life is such, they won't stay. Money alone is not the answer.

Admiral **Moreau**. We studied that and we did not come to ask for that because we are not satisfied that that is the way to do it beyond this point.

RETENTION OF NUCLEAR POWER SUBMARINE OFFICERS

Senator **Humphrey**. You are losing even a greater number of your nuclear power submarine officers.

Why is that?

Admiral **Moreau**. They have unique skills and they are in extremely high demand in industry. The life they lead is particularly arduous, and as you can visualize, it snowballs downhill.

The worse your retention is, the longer he has to spend at sea. We have solved that with bonuses again to the degree that you see, and we have some new programs that we are proposing this year in dealing with education subsidies in terms of return for commitments, and so forth.

We had last year in terms of recision, the best we have done and this year with the current programs we expect to do better. We were 161 short last year and we expect to be as close as within 50 this year.

Senator Humphrey. What is the best experience you have had in retention of nuclear officers in the last 5 years? What is their period of duty or obligation?

Admiral Moreau. It depends upon whether they are Naval Academy or ROTC, but nominally I would say 5 years.

Senator Humphrey. What is the best retention you have had in the last 5 years?

Admiral Herberger. I will supply that. I don't have it now.

[The information follows:]

Submarine Officer Retention

The best nuclear qualified submarine officer retention in the last five years was 42 percent in 1979.

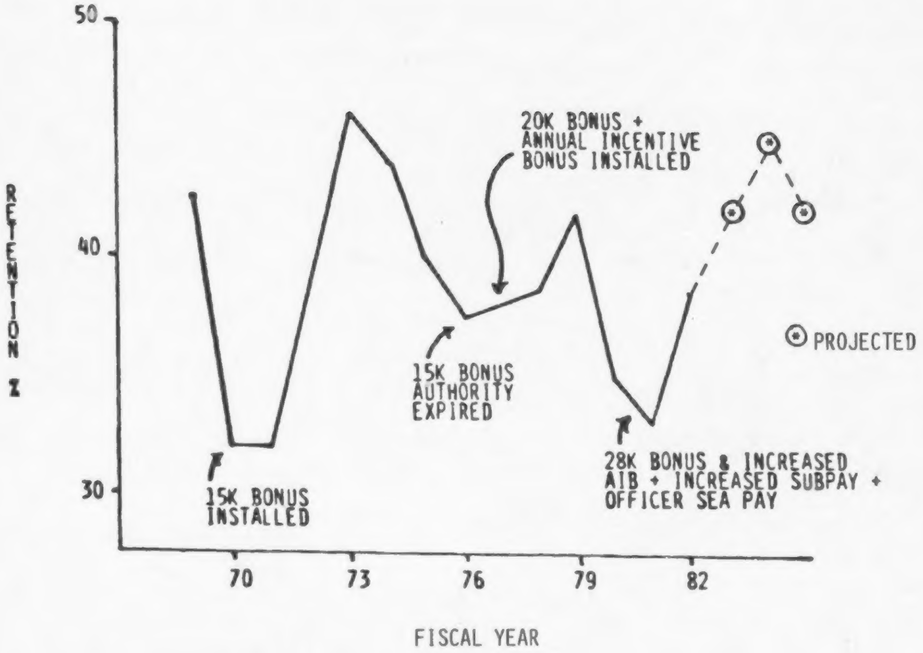
When accession goals are reached for a given year group, a retention rate of about 44 perent is needed in order to fill required department head sea billets. Since accession goals were not met for year groups now passing through the retention window, a higher retention rate of 55 percent is currently required to fill required billets from a smaller initial base.

The history of nuclear qualified submarine officer retention is characterized by a "boom and bust" cycle as depicted by the attached graph.

Plummeting retention rates were arrested in 1970 and reversed in 1971 by initiation of Nuclear Officer Continuation Pay. The retention rate peaked in 1973 and then resumed its decline as inflation eroded the value of Continuation Pay. This declining retention rate was slowed and then reversed by increasing the amount of Continuation Pay and initiating the Nuclear Career Annual Incentive Bonus in 1977. Subsequently, the retention rate peaked, then rapidly fell as incentive pay values lost pace with the high inflation at the turn of the decade. In fiscal year 1981, with retention for 1982 projected at an alarming 24 percent, both Continuation Pay and the Annual Incentive Bonus were increased. As planned the decline in retention was halted and reversed.

Nuclear Career Annual Incentive Pay and Continuation Pay were last raised in January 1981, and have not kept pace with increases in the Consumer Price Index, the Employment Cost Index, or the military pay raises. It is currently projected that the increasing retention rate will peak in 1984 at 45 percent and then commence another bust phase of the cycle. The fiscal year 1985 retention group is already running below the 1984 group at the equivalent years of service. Unless anticipated and corrected, the peak will be below the 55 percent required for these upcoming retention year groups, and the return to declining rates will abort the recovery.

NUCLEAR SUBMARINE OFFICER RETENTION



Senator **Humphrey**. You are up 39 in 1982?

Admiral **Moreau**. I think that is the highest we have seen.

Senator **Humphrey**. It is up from 33 and before that it was lower than 33.

You say the ballistic submarine manning shortage experienced 2 years ago is not completely remedied.

Do you have some numbers to show that improvement?

Admiral **Moreau**. Yes, sir. When we go into classified session, I will show you some specifically.

Senator **Humphrey**. All right, your manning numbers are classified?

Admiral **Moreau**. The readiness figures are classified, yes, sir.

Senator **Humphrey**. You were short in critical skills in missile submarine personnel, is that the problem?

Admiral **Moreau**. And we still are.

Senator **Humphrey**. What measures have been taken to address that problem?

Admiral **Moreau**. A dramatic improvement across the whole retention. It is basically the pay comparability provided by the Congress, the quality of life improvements, and it snowballs up and snowballs down as you increase your manning.

You have a better seashore retention so that your living is not so arduous that they are willing to stay. Perhaps as significant as any other factor is the confidence that they will probably retain some competitive base pay so they don't have to go and get work elsewhere if they like what they are doing.

I think if we retain or stay on a competitive basis, I honestly expect to see these retention figures continue and see the manned figures increase.

SELECTIVE REENLISTMENT BONUS

Senator **HUMPHREY**. Are there any programs specifically addressed to this problem beyond the selective reenlistment bonus?

Admiral **HERBERGER**. We have an enlistment bonus on the front end for some of the nuclear ratings, where we give them a bonus when they complete their initial training.

We have sea pay which has helped considerably for all of those in the sea duty units. There is a combination of special pay and incentive which we try to target toward those skill areas that we lose in the greatest numbers.

Admiral **MOREAU**. In that regard it is very interesting, Mr. Chairman, that while our retention is up, one of the differences that we have seen in the last year is that a sailorman can retain or he can reenlist or he can extend his enlistment for 1 or 2 years. It is interesting to note that in the last year we have seen a great number of increased extensions as opposed to a reenlistment for 4 or 6 years.

Our sensing is that and the sea attitude are based on the possibility that they will not get a pay raise in 1984. So, it is properly, and I suppose in our way of life a marketplace problem to a degree or at least to some threshold.

If we can compensate them adequately, they will stay.

Senator **HUMPHREY**. Your subsurface readiness goal of 70 percent has been exceeded.

What is it?

Admiral **MOREAU**. I have it on slides and I would like to show you that as soon as we go to closed session.

Senator **HUMPHREY**. What is responsible for the improvement? Can you be specific?

Admiral **MOREAU**. Yes, sir.

Senator **HUMPHREY**. What were the principal problems that have been overcome?

Admiral **MOREAU**. Spare parts. We are beginning now to see the funding from 2 years ago in the spare parts levels and manned levels. There is a direct relationship of manning levels and you will see it as acutely as, if you are supposed to have three specialties in a Sea Sparrow system and on an average if you are missing a first class, you will go down 10 percent and if you are missing the second class, you will go down 20 percent.

There is a direct relationship. That coupled with the increased funding for spare parts has resulted in increased ratings across the board. You will see that, and I will show it to you broken down in supply areas.

NAVAL AVIATION SQUARDRONS

Senator **HUMPHREY**. Naval aviation squadrons reporting themselves not combat ready was reduced by one-half.

What problems have you overcome there? Is it the same thing?

Admiral **Moreau**. Yes, sir, increased spending for spares, an increase of an almost executable level, and introduction of new aircraft. For instance, the F-14 Bloc-100 is a much more maintainable aircraft, resulting in more aircraft ready on the flight deck and that coupled with the increased personnel and the increased efforts.

Senator **Humphrey**. Do you have a persistent problem with air crew shortages? What is that? These are nonpilots, I take it?

Admiral **Moreau**. No, sir, pilots and duty pilots and this is simply a retention figure. That is for both pilots and air crews.

However, I will show you those figures, and that is greatly improved. We no longer have any squadrons that are C-4 in personnel.

AVIATION SPARES

Senator **Humphrey**. What about aviation spares? What is the situation there and the trend?

Admiral **Moreau**. I can tell you we have a significantly increased funding and those are the figures I gave you just a moment ago. I can go back to those.

Starting in 1982 in what we are calling the restoration program, it includes not only significantly increased funding going from about $168 million to $300 million over the last 2 years, to $300 million this year, but also about four different management programs where we are targeting the spare part money against a specific management flaw that we have found.

That is where it is return of repairable things, rework levels, or pipeline problems specifically, for instance, in Subic Bay on the way to the Indian Ocean on transportation problems. Those are specific elements and I can give them to you in detail. They are what essentially caused the improvement.

Senator **Humphrey**. You state that aviation and spare parts funding has increased significantly since 1980 and yet current levels of spares and component rework does not allow attainment of the 70-percent retention rate. It averages 62 percent for forecasting and improvement to 65 percent.

When are you projecting reaching the desired 70 percent?

Admiral **Moreau**. I expect to be there this year. We only have a few squadrons reporting C-4 for equipment, which means that is a macrolook at the squadrons.

The mission capable and full mission capable rates are a microlook at individual aircraft and subsystems. In the deployed squadrons it is running about 80 percent. In the U.S. Navy as a whole it is up significantly, 63 percent, and I think it is today about 68 percent, a very significant increase in that broad base.

Senator **Humphrey**. You say in your testimony that you are forecasting an improvement to 65 percent by the end of 1984, so we are still going to fall short in 1984.

Commodore **Riendeau**. That is our forecast. We have been improving at about 2 percent annually for the past several years and hope to attain our goal of 70 percent in fiscal year 1985.

For example, the aircraft rework program, which has a significant impact on this indicator, is funded to the full level which can be executed in fiscal year 1984.

Senator **Humphrey**. That is good.

On the F/A-18 what is your maintenance experience so far? Is it a greater problem than the A-7?

Commodore **Riendeau**. We don't have definitive numbers on it because we don't have that many aircraft in the fleet.

Senator **Humphrey**. How many do you have now operating?

Commodore **Riendeau**. There are now 55 F/A-18's operating, 16 with the Marines and 39 with Navy units. The initial indicators that have seen—for example, maintenance manhours per flight hour—indicate that it is ahead of the F-14, and A-7 at similar stages of development.

Senator **Humphrey**. When they were new or with current experience?

Commodore **Riendeau**. When they were new.

Admiral **Moreau**. We have experience on the engine. The increase on that engine is better and we knew that when we put it in the airplane. We are talking about standing up two active squadrons and one Reserve squadron in fiscal year 1984.

Senator **Humphrey**. I guess it is too soon to tell?

Commodore **Riendeau**. It is fair to say that we are rather optimistic in that regard.

Senator **Humphrey**. You talk about ordnance and classified information there.

PRE-POSITIONING PROGRAM

Where are we in this 18-ship, near-term pre-positioning program?

Admiral **Moreau**. We are talking about two programs. In the near term we have 18 ships and we have now had 13 for about the last 3 years. That was a kind of band-aid fix so that we have 17 ships in Diego Garcia and that includes a brigade of Marines, fuel, ammo, water, ammo for both the Air Force and the Army.

We have one of those ships in the Mediterranean for the 18.

Senator **Humphrey**. You have all 18 on station?

Admiral **Moreau**. Yes; I have been in the ships myself, and in Diego Garcia and we keep about one-third underway doing convoy exercise and then we keep about two ships cycling back to Subic and Naha where they outload the equipment and ammo once a year for maintenance then bring equipment and ship back together. It is working well.

Now coming on line we have a 13-ship maritime pre-position force. This force will support three brigades of Marine equipment one of which is the current near-term pre-positioning force. For these 13 ships, there are basically two increments. Let us say that five of them are being built and chartered and the remainder are being converted and chartered. Those three brigade equipments will be located around the world.

Senator **Humphrey**. Let us talk about the O&M budget in greater detail.

STEAMING DAYS/1983 VERSUS 1984

Commodore Riendeau, can you give us specifics on steaming days and flying hours, 1983 versus 1984?

Commodore **Riendeau**. Yes, sir. The nondeployed steaming hours in fiscal year 1983 are 27 days per quarter and we are increasing them to 29 days.

Our deployed forces will stay level at their normal 50 days per quarter.

Senator **Humphrey**. That is the level reached in 1983?

Commodore **Riendeau**. The deployed we have held constant. That is the budget level. We came down to 27 days in 1983 for the nondeployed fleet. We recognize the need to bring that back up to 29 days per quarter.

1983 VERSUS 1984 FLYING HOURS

Senator **Humphrey**. And flying hours?

Commodore **Riendeau**. Are you talking about total number of hours, sir?

Senator **Humphrey**. I am looking for some indication of what you are doing.

Admiral **Moreau**. Let me talk to that for a second. From 1982 to 1983 to 1984, the general-purpose flying hours range from 1,253,000 to 1,288,000 in 1983 and to 1,280,000 in 1984. So that is a generally consistent flying hour load.

Now, there are some significant things in this year's flying hour budget because you try to balance it against need. One is the fleet replacement squadrons which are funded at 100 percent. Clearly, whether or not the PMR and flying hours are such an indicator, we are providing adequate flying hours for training our new pilots. The downward trend for our tactical aircrews is a proper concern.

Our judgment is that it is adequate for 1 year and I don't think we can afford to short flying hours for training and readiness and crew skills beyond that. If we were not comfortable with lower PMR for 1 year, we wouldn't do it.

Senator **Humphrey**. Are you going to have more aircraft operation in 1984 versus 1983?

Admiral **Moreau**. Yes, sir. We are going to have five more squadrons. We expect still to maintain that figure of 82 percent.

Senator **Humphrey**. You are going to have 4,205 aircraft in 1984 and you had how many in 1983?

Admiral **Moreau**. Let me chase around in my book. I do have that figure for you.

Commodore **Riendeau**. Senator, we go from an inventory of 4,379 in 1983 to 4,441 in 1984.

Senator **Humphrey**. Is that increase the result of the greater force structure or are your people flying more? That is really what I am getting at.

Commodore **Riendeau**. Those are the number of aircraft that are going to be available to meet the force structure requirements.

Admiral **Moreau**. We are bringing on the 13th Air Wing that will stand up in 1984.

Senator HUMPHREY. You are going to have a larger force? What is happening to flying time, that is what we are getting at. Are the pilots going to be flying more or less in 1984?

Commodore RIENDEAU. Less, sir.

Senator HUMPHREY. That doesn't really give me the picture because some areas are covered and some are not. What I want to know is whether your pilots are having the opportunity to fly and train more in 1984 versus 1983.

Do you have a figure on that?

Commodore RIENDEAU. In the aggregate, there is a very small difference between the hours being flown in 1983 and 1984.

Senator HUMPHREY. But you do have more aircraft?

Commodore RIENDEAU. Yes, sir. However, while our flight hour dollars are programed against aircraft and flight crews, they are really keyed to the flight crews.

Senator HUMPHREY. Are your pilots going to fly the same amount in 1984 as they did in 1983?

Commodore RIENDEAU. By given aircraft type, there are small deviations between the two. Obviously it is a little less because you see the PMR coming down.

BACKLOG IN AVIATION DEPOT REPAIRS

Senator HUMPHREY. All right.

What do you mean by the executable backlog in aviation depot repairs?

Commodore RIENDEAU. That reflects our capacity to accomplish the work.

Senator HUMPHREY. What is the limiting factor in your capacity?

Commodore RIENDEAU. In our naval air rework facilities we have had to deal with end-strength ceilings. In 1983, that end strength ceiling was suspended. However, it doesn't do much good in the year of execution to be told that the limit is lifted because funding is in place and we have tried to aline funding and the end strength available.

Even if we knew now that the limit was to be lifted in 1984, we could make only limited use of the information as the dollars for 1984 are pretty well in place.

Senator HUMPHREY. You plan your dollars request on anticipated personnel ceilings, is that right?

Commodore RIENDEAU. Yes, sir. If we knew now that the 1985 ceiling was going to be lifted, we could look at an expansion program and hire more people if the workload justified it. But, at this point we have to fund to an estimated ceiling. Conversely, we have the commercial rework program. There is only a certain part of rework which is practical or economical to contract. We are at approximately that limit in the fiscal year 1984 request.

Senator HUMPHREY. What is going to be the leftover backlog, the unexecutable backlog in 1984?

Commodore RIENDEAU. It is approximately $271 million.

Senator HUMPHREY. Out of a total backlog of what, and how much is the executable backlog?

Commodore RIENDEAU. The executable backlog is $2.2 billion.

Senator HUMPHREY. And the remainder is going to be $271 million?

Admiral MOREAU. It is to fund 81 to 83 percent of the executable backlog and that is significant.

NAVAL RESERVE STRENGTH REDUCTION

Senator HUMPHREY. Let us go to the Reserve for a moment. You spoke earlier, Admiral Dunn, of increasing your strength and yet you actually directed a reduction in strength of 4 percent during 1983; is that correct?

Admiral DUNN. Yes, sir, that is correct. It was a temporary reduction.

Would you like me to expand on that?

Senator HUMPHREY. Yes, if you will.

Admiral DUNN. The Naval Reserve was funded for a man-year average of 93,440 category A and the category F Reserves for fiscal year 1983. At the end of December 1982 we found ourselves in excess of 96,000 on board in a pay status.

The prospects of additional funding, in the near term, were not good. So in order to remain financially solvent in that portion of the Reserve personnel Navy appropriation, I directed a reduction to an approximate level of 92,000, with a plan to then ramp up before the end of the year to finish at 93,440.

At the same time, we took steps within Navy to go forward with a request for reprograming in order to make available the additional money necessary to retain more reservists on board in this good recruiting climate. That reprograming request is in process at this time.

RESERVE UNIT DEPLOYMENT

Senator HUMPHREY. You say you are making real progress in the area of training. Let me ask you this first:

Do all of your Reserve units who have deployment assignments know to which unit they will be assigned in a deployment?

Admiral DUNN. Yes, sir.

Senator HUMPHREY. At all times?

Admiral DUNN. I say all, Mr. Chairman, and there may be one or two who don't get the word.

Senator HUMPHREY. I am not going to press you that hard.

Admiral DUNN. They are all assigned in a command and they belong to a hardware unit.

Senator HUMPHREY. They know where they are going and to what unit they will be assigned?

Admiral DUNN. Yes.

Senator HUMPHREY. Are they all, or are there cases where your reservists are not able to train on the equipment that they are expected to operate or maintain?

Admiral DUNN. Yes, sir.

Senator HUMPHREY. In the event of deployment?

Admiral DUNN. Yes.

Senator HUMPHREY. How extensive is that problem?

Admiral DUNN. It is a particular problem in the aviation portion of the Naval Reserve where we have a large number of reservists who are earmarked to augment our active fleet aircraft squadrons with both aircrew and enlisted maintenance people.

Because of a lack of modern equipment in the Naval Reserve, many are forced to train on equipment which is not fleet compatible at this time.

Senator HUMPHREY. Can you give me an example of that in the case of a pilot?

Admiral DUNN. Yes, sir, we have pilots who are flying the A-7B, and they will be required to fly the A-7E upon mobilization. Even though the aircraft looks the same, it is significantly different when you operate it.

Senator HUMPHREY. What provisions are made or allowances or considerations are made on the part of the accepting unit in the case of mobilization, to accommodate these training deficiencies?

Are they depending upon these pilots in this case, of being able to jump into that model as soon as they arrive?

Admiral DUNN. There will have to be a retraining period.

Senator HUMPHREY. Is that anticipated, and do the commands anticipate that?

Admiral DUNN. Yes. However, commencing in fiscal year 1984, we are embarking upon a new scheme to train squadron-augment personnel. We have requested money in the President's budget to commence training the people who would be earmarked for such squadrons in fleet-compatible aircraft.

These people in the A-7, for example, would train with the A-7E replacement squadrons and fly their requisite number of training missions each year with the active forces. Then they would be current in training and available within the required mobilization time.

Senator HUMPHREY. How about in the area of maintenance, do you have people who are expected to maintain certain kinds of equipment who aren't training on it?

Admiral DUNN. Yes, sir, the same scenario applies.

Senator HUMPHREY. Can you give an example of that kind of thing?

Admiral DUNN. Again, let us take the A-7 example. The A-7B has the TF-30-P408 engine, and the A-7E has a TF-41 engine. The differences are significant and there would have to be a period of training required for those maintenance personnel after mobilization as well.

Senator HUMPHREY. How widespread is this problem? Can you quantify it in any way?

Admiral DUNN. Yes, sir. If you will give me a minute, I think we have a paper on the squadron augment plan.

As far as the A-7's are concerned. I am doing some mental calculation here.

I believe we have 24 A-7E squadrons in the fleet. We should have the two pilots on board in the Naval Reserve for each A-7E squadron since they require 19 pilots upon mobilization and we have 17 on board peacetime. So it would be 48 pilots that we could not supply to the A-7 force on mobilization today because today they are not trained in the A-7E.

We could do similar calculations for the F-14 and the S-3 and throughout the active fleet inventory.

Admiral **Moreau**. The other side of that coin, however, is as you modernize some of those Reserve squadrons, such as they are getting those, you reduce that problem.

Senator **Humphrey**. Senator Levin?

PRIMARY MISSION READY RATE

Senator **Levin**. Thank you, Mr. Chairman.

You were talking about the primary mission ready rate before we left, and, Admiral, you indicated that you weren't particularly concerned about the fact it was down to 82 percent, and the requirement, or at least the goal, for PMR has been 88 percent, I understand.

Why don't you just reduce that to 83 if you are not concerned about the 83- or 82-percent level?

Admiral **Moreau**. I think it is fair to say that in peacetime we will never be able to fund the Navy across the board in a balanced way to the degree we would like to.

For instance, we have had a goal for 5 years of a 70-percent combat readiness in our ships, and we are there this year for the first time. We have had a goal of 88-percent PMR for a number of years and we are trying hard to meet it.

Senator **Levin**. Why are you trying hard to meet it if you are not troubled, and why not just reduce the PMR to 82 or 83 percent?

Admiral **Moreau**. That is true in a balanced budget whether we are talking about force structure modernization or ability or readiness. We are trying to seek those high attainment goals and we don't, trying as hard as we do.

There are other options. You can reduce the size of the Navy.

Whether we would still be funded at a level to meet those PMR's, we don't know. We try to find a balance between what we can do in terms of maintaining adequate combat strength and maintaining training levels and to be sure we don't cross the threshold of safety.

Senator **Levin**. I understand having balances. We have to establish priorities and I understand that problem. We have to make the same decisions. When we go to make the same decision, we have to say now they cut readiness too much and they cut modernization, and where should we cut?

Generally this subcommittee has been one that has been fighting for preparedness, and that is kind of our instinct and one of the reasons we are interested in this. I think the chairman of our subcommittee is very much interested in that.

I look at the 83 percent and down to 82 and I say we are going in the wrong direction. You say not to worry. I don't mind saying: "Listen, there are financial restraints and this is the best we can do," but when you say it is within the ball park and don't worry, that gives me a different signal. That tells me not to worry.

Do you want me to worry or not to worry? I am trying to figure out, should I be worried about the readiness and preparedness and I look at 83 and 88 percent, and I say we are 5 percent short and I am going to worry.

The Admiral comes and tells me: "It is in the ball park and don't worry." Either reduce your 88 to 83 or tell me to worry. But don't keep your 88 percent where it is and tell me not to worry. That is my message to you and it is a clear signal to you.

Admiral **Moreau**. I understand that, and you should be worried.

FLYING HOURS

Senator **Levin**. Let us talk about flying hours, and I am worried about flying hours, too. The Navy tactical air groups, what is your goal on that? How many hours per month?

Commodore **Riendeau**. It is a PMR figure.

Senator **Levin**. Is that part of the PMR?

Commodore **Riendeau**. Yes.

Senator **Levin**. Can you tell us what that average is? Is that a classified figure?

Commodore **Riendeau**. No, sir. I will give you some representative numbers. In the A-7 community it is 22 hours in 1983 and 22 in 1984. In the A-6 it was 25 hours in 1983 and 24 in 1984. In the S-3 area it was 21 hours in 1983 and 22 in 1984. The P-3 crews were 41 and 41.

The F-4 and F-14 were 21 hours in 1983 and 20 in 1984. So there are some minor downward fluctuations.

Senator **Levin**. What is the average per month?

Commodore **Riendeau**. The average is approximately 22½ hours per month.

Senator **Levin**. What did Secretary Lehman mean when he said we are keeping our flying hours at 24 hours? What did he mean by that?

Commodore **Riendeau**. I am not sure, sir, unless he is taking an aggregate number.

Senator **Levin**. You just gave me the 22½-hour aggregate?

Commodore **Riendeau**. That is an approximation.

Senator **Levin**. Is it less in 1984 than it was in 1982?

Commodore **Riendeau**. Yes, sir.

Senator **Levin**. That is going in the wrong direction, too?

Commodore **Riendeau**. Yes.

Senator **Levin**. I understand. Well, we can ask the Secretary, then, for the record, what did he mean when he said we are keeping our flying hours about 24 hours a month and here it is 22½.

Commodore **Riendeau**. It was probably an approximation, sir.

Senator **Levin**. I would like to hear from him. It does give a different impression and we will make that request to him.

How about Reserve pilots? You had 137 hours per year in 1982 and 134 hours in 1983 and 129 hours in 1984. Is that going in the wrong direction, Commodore?

Commodore **Riendeau**. Yes, sir. We would like to see that downward trend turned around.

REAL PROPERTY MAINTENANCE

Senator **Levin**. How about real property maintenance, is that going the wrong way, too? Is the 1984 request lower than 1982, and isn't the backlog up?

Commodore **Riendeau**. I believe both items you mentioned are true. I am spending a lot of time trying to ascertain the accuracy and purity of the backlog number.

Senator **Levin**. The accuracy and what?

Commodore **Riendeau**. The purity of that backlog number. I have taken that on as a personal campaign and I am trying to get a better feel for it.

Senator **Levin**. You are concerned about the direction of that count, too?

Commodore **Riendeau**. No, sir. I am not as concerned about the current direction as I am about how the number is calculated and what it represents.

Senator **Levin**. There may be a miscalculation?

Commodore **Riendeau**. I think it could be improved, sir. I am not too worried about the precise number, but rather what causes the increase of that number.

Senator **Levin**. So, we don't have to worry when the backlog of net property maintenance goes up?

Commodore **Riendeau**. No, sir. I don't think you should feel good about it, but I don't think you should draw any conclusions from the precise number.

Senator **Levin**. What number can we trust, and how do we measure things unless we take a look at a backlog?

Commodore **Riendeau**. I understand what you are saying, and it is the only figure we have. It is something that you should be concerned about.

Senator **Levin**. When will we have a better measuring rod on it?

Commodore **Riendeau**. There is an active, ongoing program now, sir, to try to come up with some readiness indicators for the base support program. I don't know when we will put that on the street; I was privileged to look at it for the first time only last night.

Senator **Levin**. So, you don't know when we will be getting that?

Commodore **Riendeau**. No, sir, it is in the infant stages right now.

Senator **Levin**. Can you let us know for the record when you could expect that new measurement mechanism?

Commodore **Riendeau**. I am not sure that we are in a position to go on record as saying we will have it by a certain point.

Senator **Levin**. It means that there is no good way of measuring it?

Commodore **Riendeau**. I can tell you it is ongoing. It has had some high level visibility, but at this point it is back on the drawing boards.

Senator **Levin**. You said the 1984 budget reflects a zero backlog in Navy aircraft depots for financial reasons, but a $274 million backlog for what is called other constraints.

What are those constraints?

Commodore **Riendeau**. Those are capacity constraints, and they prevent us from executing maintenance at our desired level. If we had the capacity to spend that much money, we could eliminate the backlog, and achieve the CNO program goals.

Senator **Levin**. That is in depot maintenance?

Commodore **Riendeau**. Yes, sir; specifically in aircraft rework.

Senator **Levin**. It reflects a zero backlog?

Commodore **Riendeau**. The budget represents a zero executable backlog. In other words, we are funded to the capacity that we can achieve in 1984.

Senator **Levin**. But you would like to have a greater capacity?

Commodore **Riendeau**. If we had greater capacity, we could use another $274 million, and that would eliminate all backlog.

Senator **Levin**. So that $270 million doesn't help you reduce that backlog?

Commodore **Riendeau**. No, sir.

Senator **Levin**. And adding the other figure would reduce the backlog?

Commodore **Riendeau**. Yes, sir. Removing end strength ceilings would help.

Senator **Levin**. How much would it require to give you additional capacity so you could handle the $274 million and reduce the backlog?

Commodore **Riendeau**. The major problem with the capacity, Senator, is the ceiling constraints we face in the rework facilities. If we knew we were going to continue to have the ceiling lifted, we could program more dollars in and could eliminate the backlog quicker.

Senator **Levin**. The ceiling on personnel?

Commodore **Riendeau**. Yes, sir.

Senator **Levin**. How many additional personnel would you need so you could use the $274 million and eliminate the backlog?

Commodore **Riendeau**. I don't have that figure, Senator.

Senator **Levin**. Would you let us know that for the record?

Commodore **Riendeau**. Yes, sir.

[The information appears on pps. 3685–3686.]

NAVY AIRCRAFT PEACETIME OPERATING STOCKS

Senator **Levin**. The aircraft peacetime operating stocks, they are still 12 percent short of the requirement, I gather? But the requirement has gone up dramatically according to our figures. The requirement is up from $1 to $2 billion to $1 to $3 billion in 2 years.

Is the requirement for peacetime operating stocks for Navy aircraft significantly higher in 1984 than it was in 1981?

Commodore **Riendeau**. I don't believe so.

Senator **Levin**. Well, our figures show $2 billion in 1983 and $1 billion in 1981. I will ask you a question for the record.

If my figures are correct, what is the reason for the huge increase in the requirement? That is my question, but you can give me that answer for the record.

Commodore **Riendeau**. Senator, I believe the difference is in funding, specifically the funding profile for bringing the spares into the system.

Senator **Levin**. I believe according to my staff, it is a requirement change and not a funding change, but if you would give us that information. If there is a change in the requirement, let us know for the record.

Commodore **Riendeau**. Yes, sir.

Senator **Levin**. That is, why that is?

[The information follows:]

NAVY AIRCRAFT PEACETIME OPERATING STOCKS

The growth shown in fiscal year 1982 through fiscal year 1984 is a direct result of the almost simultaneous Fleet introduction of three new major Aircraft Weapon Systems (F/A-18, SH-60B, AV-8B) and a major initiative to improve fleet readiness (AVCAL Restoration). The three aircraft programs require a full set of spares for each site whereas the existing aircraft only require incremental spares for augmentation of present sites which is a smaller requirement. The AVCAL Restoration program is procuring a retail level of inventory to improve planeside readiness that did not exist prior to 1981. Shown below is the aircraft spares requirement for fiscal year 1982 through fiscal year 1984 without these four major programs: Fiscal year 1982, 1,348; fiscal year 1983, 1,387; and fiscal year 1984, 1,268.

These basic requirements show no real growth from the fiscal year 1981 requirement of $1,307.

Senator LEVIN. My last question, and I want to thank you for allowing me to go over this.

REPROGRAMING REQUEST

There has been a reprograming request for fiscal year 1983 which would take $4½ million out of aircraft depot maintenance and help pay the cost of a civilian pay raise.

I know the Congress said to absorb 25 percent of the pay raise, which I think is terrible budgeting and I understand why your response was that you folks told us to cut 25 percent and that is where we found 25 percent, but my question is a little different.

Did we in fact hurt our readiness when you reprogramed, and we approved it, $4½ million out of aircraft depot maintenance?

Whether we required you to find money somewhere or whatever other motive you had, did it not in fact reduce our readiness?

Commodore RIENDEAU. It doesn't reduce it directly. If we were to continue to do that over the long term it would.

It really affects 14 airplanes. The effect is that we defer airplanes from 1983 into 1984. The other piece of that reprograming was $16.4 million which came from delaying the deactivation of the submarine *Sea Dragon*. That again would have no direct readiness impact on us.

There is an indirect effect, but I would point out, sir, that at the same time we were also reprograming $124 million from the procurement accounts into the Active Navy pay accounts. It was a balanced action.

Senator LEVIN. I just want to know the effect on readiness.

Commodore RIENDEAU. There is no direct effect, sir.

Senator LEVIN. We don't have to worry about that?

Commodore RIENDEAU. It moves 14 airplanes from 1983 to 1984 and we will have those planes in fiscal year 1984.

Senator LEVIN. I am glad that we can reduce you $25 million and it doesn't affect readiness.

Commodore RIENDEAU. I should point out that most of that absorption was done through the procurement accounts. This was the only reduction that we had to absorb in the O&M area.

Senator LEVIN. Thank you.

Admiral, I asked you a question about comparing readiness of the Soviet Navy and ours and I wonder whether you can give us that answer before I have to leave.

Admiral **Moreau**. Can we go into closed session? I live in a classified world and I just can't submit it out without being uncomfortable, but I would like to talk about it.

Senator **Levin**. I would appreciate your giving us that for the record and the chairman could ask it in closed session, because I have to leave.

Senator **Humphrey**. We will go into executive session now and I ask those who do not have clearance to leave the room.

EXECUTIVE SESSION

The subcommittee proceeded in executive session at 3:50 p.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Senator **Humphrey**. The committee will go into executive session and this is the last call for those without security clearances to leave at this time.

Admiral Moreau, will you appoint someone to insure purity among your company, sir?

Admiral **Moreau**. Yes.

SOVIET TRAINING AND RELATIVE READINESS

Senator **Humphrey**. Will you address Senator Levin's question on training and relative readiness?

Admiral **Moreau**. I can give you that in general terms. In general, the Soviets have a wholly different operating and maintenance philosophy than the U.S. Navy. They wield a different quality equipment. Basically they then try to reduce the operating hours on that equipment and that is why you see warships towing one another as they proceed, and that is why you see Soviet ships spending three times as much time as the U.S. Navy at anchor even in a deployment to the Indian Ocean.

They basically build a force which they will then train and their training philosophy is different. Both officers and men will come into a ship and stay in that ship for many years. An officer may come aboard a ship and stay there until he becomes an executive officer. They really don't have a first class petty officer, chief petty officer type of category. They leapfrog from a very low maintenance level to what we call a warrant officer.

They will man it that way and train it up, and it will work its way into a certain training category. It has to do exercises periodically to maintain that, and it is very competitive, and then they will try to hold that in status quo and they do that at very low operating rates.

Let us say that their operating rate may be as low as 15 percent. In the U.S. Navy view that seriously degrades readiness and combat capability.

They gain, on the other hand, from a stable crew population over many years in that ship and familiarity with that equipment.

With regard to aircraft, their flying rate is less and it varies by type. By and large, it is our judgment that they maintain adequate pilot proficiency. It is pretty much across the board.

In the areas of Kiev and Minsk and tactical air in their new area efforts, their effort is almost embryonic and they have little capability. They have generally bad operating practices, but we have seem them ramping up significantly year by year.

They are learning their lessons well, but they are a long way from being competent in that area.

Senator **Humphrey**. They fly less and steam less and operate under a much lower tempo than we do, is that correct?

Admiral **Moreau**. They think that serves their needs and we think it is a less effective way to train and maintain a high degree of readiness.

Senator **Humphrey**. They do that principally for reasons of cost?

Admiral **Moreau**. Yes, sir, I think so, in the long term way of building and maintaining at a given cost, yes, sir. Clearly, they think it satisfies them or they would accept greater cost or reduce forces.

Senator **Humphrey**. It is striking that there should be such a stark contrast in philosophies to operating practices between our nations.

Admiral **Moreau**. Yes, sir, it is.

Senator **Humphrey**. One of us must be pretty wrong.

Admiral **Moreau**. Yes, sir, and having spent 30 years working from our angle, it is difficult for me to envision how you can do it his way and maintain the skills buildup you need. Based on experience, we based it on the fact that when we go into port for a 2-week period, we come out and we have a skill decay.

Senator **Humphrey**. I am sure you are right. On the other hand, they don't have quite the ongoing responsibilities, peacetime responsibilities that we have, is that a fair statement?

Admiral **Moreau**. Yes, sir, because they don't have the forward defense and deployment. But when they deploy to the Indian Ocean they still operate in this different way.

Senator **Humphrey**. Is that correct?

Admiral **Moreau**. They are inactive three-quarters of the time, even when they are there.

Senator **Humphrey**. Did you have a presentation you wanted to make?

Admiral **Moreau**. It will be very short, but I think it is useful to you.

MEASURING READINESS

What I want to talk about, and this is not a pitch that I built for you, and as a matter of fact, it is the most up-to-date reading and I saw it 3 days ago. It was designed to show you how we measure readiness and how we track it and also to show you what readiness trends are.

I will show in each case, I will show you the general "C" categories and break down into trends.

The way we break it out, and stop me if I am giving too much detail, but C-1 is fully combat ready. That means everything, storage and spare parts and manning, all skills.

C-2 is substantially combat ready and C-3 normally means you have a major degradation in one mission area, and maybe the air search radar is down.

C-4 means that you have major mission degradation in more than one area, or your personnel is down to a level that makes you not safe.

C-5 falls out because those are ships in overhaul.

So, our baseline is C-3 and we call these ships combat ready.

C-4 is not combat ready, so what you are seeing is this. The indices that we strive for is 70 percent C-3 or better, and you are seeing here, [deleted] percent and this is just this year.

I think in my classified statement we gave you a 2-year look, but they went from [deleted] to [deleted] percent in surface ships in the last year. This week I think we are at about [deleted] percent, and you can see the trend.

These are trends and it is a harmless way of looking at the trends, but it tells you the same thing.

Let us take a look at resource areas. You break that down and it is kind of a complex matrix, but it breaks down so that we are looking at each unit in personnel, supply, equipment, and training. You can see the difference here when you see this.

You can see the improvement over a year's time in personnel and supply. So, in every case what you are looking at is a trend over the last year in these specific categories, C-3 or better.

The reason that these figures are [deleted] is because we took the overhaul ships out of the numbers and they don't have these things in them.

One of the things that is of interest to us is that we have been so poor in personnel that when ships come in they have to tie up. The Commander in Chief goes out, and he looks, and it is because he doesn't have enough stand-ins, he has to stay tied up.

If he doesn't have the air search radar, he can't permit a certain mission, and that kind of thing. Maybe in some cases you can't go out for more than 72 hours when they are in the home fleet, because you only have two watch sections qualified.

We have for many years had ships that were operating under safety conditions and this January for the first time in many years we had zero such ships.

You see this 5, 6, 7, and there were 20 ships in the fleet that wouldn't operate. We are at zero now.

Now attack submarines, again from [deleted] to [deleted] percent overall C-3 in the course of the year.

These are [deleted] to [deleted] percent in equipment and [deleted] percent in training.

Ballistic missile submarines went from [deleted] to [deleted] percent, C-3 overall, but we point out to you that in fact this dip down here is caused by an increased number of ships that went into overhaul.

In fact, there are no ships and haven't been any in the last quarter that were C-4 for any reason in the strategic submarines forces.

Those are trends, all of these figures with 100 percent.

On aviation squadrons, C-3 went from [deleted] to [deleted] percent. There is a change which took place which I will explain to you in this particular part of the curve which was a change in 1982 in the way we did some accounting.

The next is resource readiness. That is personnel and supply and the difference was that we were measuring training against the number of crews that a squadron ought to have and if you had a reduced number of aircraft, you got a double dip.

You took a hit in personnel and you took a hit in training, and so that was simply an accounting problem. That accounts for part of that dip you saw.

These figures are no longer in that state and you are getting a new look at this.

Last month in March for the first time, you see it went from [deleted] down to [deleted] in squadrons which were under problems and they couldn't operate in a certain way because of personnel shortages.

We looked particularly at the deployed ship overall readiness for obvious reasons because we need to command carefully and it has always been high because we work at the annual rate.

See here it is [deleted] to [deleted] percent, but in the high [deleted] and the only C-5 you see is because we have only the ships which are in overseas ports.

You see the trend here of resource figures. This is deployed squadron overall readiness. This was part of that accounting ramp, but irrespective of that, you are [deleted] to [deleted] percent and that is the figure which is not masked.

In squadron overall readiness, in C-4 you only see that in the deployed squadron because when he sends aircraft to be reworked, they still count and otherwise they wouldn't.

This is deployed squadron resource readiness, C-3 or better.

That is it. I thought that would give you a capsulated view and I will give you those figures and it is designed to support what I believe to be the case that we are getting significant improvements in the last 2 years of personnel and in equipment and the synergistic effect you get from that.

Now, not to mislead you, you still see large numbers of ships and squadrons which are C-3 and you wished you wouldn't have that and in the vein of Senator Levin's concern, should we be worried about that?

Yes, sir, but the improvements that have resulted from the help you gave us the last 2 years are significant and they are apparent.

[The classified supplement to the prepared statement of Admiral Moreau follows:]

Prepared Statement of Vice Adm. Authur S. Moreau, Jr., Deputy Chief of Naval Operations for Plans, Policy and Operations, Office of the Chief of Naval Operations

CLASSIFIED SUPPLEMENT

In January 1981 only [deleted] or [deleted] of ships not in overhaul or undergoing depot level maintenance reported themselves combat ready (i.e., C-3 or better). By December 1982 there were [deleted] ships, or [deleted] of those not in overhaul or undergoing scheduled maintenance, reporting themselves combat ready. This improvement in ship readiness over a two year period was made possible, primarily, by Congressional fiscal support. It is noteworthy that the increase in the number of ships reporting fully or substantially combat ready (C-1 or C-2) equate to an additional [deleted] ships reporting C-1 or C-2 over the number reported C-1 or C-2 in January 1981.

ACTIVE SHIPS (MINUS C-5)

[Deleted.]

A review of forward deployed ship readiness during calendar years 1981 and 1982 indicates virtually [deleted]. While the C-3 trend has remained stable, the number of deployed ships reporting C1/C2 (i.e., fully or substantially combat ready) has increased significantly from [deleted] to [deleted].

DEPLOYED SHIPS (MINUS C-5)

[Deleted.]

Aviation squadron readiness, although improving, has not increased so dramatically as ship readiness. This is due, primarily, to the [deleted]. The aircrew availability problem notwithstanding, congressional budgetary support has fostered significant readiness improvement. For example, of the 150 deployable squadrons there are today [deleted] more combat ready (C-3 or better) than in January 1981. More importantly, a threefold increase in the number of squadrons reporting fully or sustantially combat ready (C-1/C-2) was realized during the same period.

ACTIVE AIR SQUADRON (MINUS C-5)

[Deleted.]

As indicated below, deployed air squadron readiness has similarly improved over the same 2-year period.

ACTIVE DEPLOYED AIR SQUADRONS

[Deleted.]

The data provided in the preceding series of trend analyses evidences significantly improved readiness returns, by all Navy forces, on the Congress' fiscal investment. A peacetime goal of [deleted] of all general purpose forces (attack submarines, surface ships, air squadrons) maintained at the fully or substantially combat ready level (C-1/C-2) will be actively pursued. Similarly, Navy initiatives to modernize Reserve forces will insure the Reserve escrow account is ready and available to augment Active forces to C-1 status in an international crisis or armed conflict. Finally, continued priority allocation of resources to the ballistic missile submarine force will insure a fully combat ready (C-1) Navy contribution to the nuclear triad force today, tomorrow, and ten years from now without benefit of Reserve augmentation.

As I indicated in the unclassified portion of my testimony, sustainability improvements have been hindered, principally, by shortages of war reserve threat ordnance and spare parts. In addition, I emphasized that corrective actions have begun and production and delivery lead times notwithstanding, ordnance and material inventories are starting to increase. War reserve munitions have been accorded high priority and increased funding support. Fiscal year 1981 funding for conventional ordnance was increased 67 percent over fiscal year 1980, and fiscal year 1982 increased 24 percent over fiscal year 1981. As indicated in the chart below, the major funding emphasis brought to bear on this problem should result in significant improvements during fiscal year 1984. Increased shipfills of MK 48 torpedoes and Harpoon missiles should occur as early as [deleted] with other type threat ordnance achieving shipfills from [deleted] through [deleted].

WAR RESERVE NONNUCLEAR ORDNANCE COST

[Deleted.]

Aggressive application of fiscal resources to the aviation spare parts problem is expected to help us reach the desired [deleted] aircraft mission capable rate in the near future. This improving trend is depicted below.

MISSION CAPABILITY

[Deleted.]

Mr. Chairman, the U.S. Navy is well on its way to achieving the desired levels of combat readiness and sustainability to guarantee maritime superiority. With your continued support we shalll achieve it.

Senator Humphrey. We congratulate you on that, but the question comes to mind—what effect will the 1984 request, assuming you get what you asked for, have on those charts?

Is there going to be any degradations?

Admiral **Moreau**. If we get what we asked for, there should be no degradation except I cannot predict for you the result of the 1984 pay bill.

We have made some predictions and this personnel slide will show you the predictions, Senator Humphrey.

You have seen this slide before and it relates to the petty officer shortage. You will recall we were 22,000 short and we are now 17,000 short and we expect at the end of this year to be only 11,000 short, and recognize that those are increasing numbers because of increasing size of the force.

We increased our petty officer population by 5,081 and some 14 points.

We are manning the force that we are building if we don't get competitive pay in here and based on the kind of indicators like the numbers of extensions we see out there, as opposed to reenlistments and things, we judge that we could start going in here and maybe as high as 13,000 rather than improving.

So, this will level off and I kind of couldn't predict much beyond that. It is just exactly what you would expect.

ORDNANCE

Senator **Humphrey**. Now let us go into the area of ordnance.

Do you have any statistics or charts or anything on this subject?

Admiral **Moreau**. I have some charts which I will be happy to show you, but I was too busy and I didn't make it into a slide.

Senator **Humphrey**. I understand the problem and we want to quantify it and know what the trends are in 1982 and 1983 and what they will be in 1984.

Can you go into some detail on this?

Admiral **Moreau**. Would you like to look at a piece of paper, would that be satisfactory?

Senator **Humphrey**. Yes.

Admiral **Moreau**. This talks about 1989 and it gives some figures for 1983.

Senator **Humphrey**. This chart shows what, again?

Admiral **Moreau**. Each of those little subcharts you see there is a particular type of weapon and it shows for 1989. You see that dotted line, that is a programing objective and our programing objective in that ordnance is 90-percent confidence.

You do a computer model and you say, that is 90 percent kill probability. What you see there is that in all things we don't even get well by [deleted].

I would like to explain something which is very important. That is that that programing objective we have just created this year after a 12-year study. It is half again or almost twice in some cases what it has been in earlier years. It is the most thorough scrub we can do against the new Soviet threat as we see it. So the threat went up, and the threat level ordnance requirement went up and in some cases we are still ramping up to that new threat level.

In some cases we did not make it for that reason.

Senator **Humphrey**. I understand. This chart shows the beginning of fiscal year 1984?

Admiral **Moreau**. That is after the 1984 year.

Senator HUMPHREY. So this chart actually shows 1985, that is what you are saying?

Admiral MOREAU. Yes.

Senator HUMPHREY. Will you go ahead.

What we want to know is where are we and what are we going to do in 1984. That is what I want to know most of all. These charts don't show that; is that correct?

Admiral MOREAU. That chart doesn't show you where you are now because it just shows you 1985.

Where are we now in Harpoon?

Senator HUMPHREY. Will you start at the top and go down, whatever way you want to do it.

Admiral MOREAU. For instance, the Phoenix, current assets are [deleted].

Senator HUMPHREY. What is the requirement in 1983 levels? It is [deleted].

Admiral MOREAU. Until this year and at the time we created this, the requirement was [deleted] and we had [deleted] on hand and we were going to buy 2,258.

We have now raised that requirement to [deleted] as you can see on the right, to [deleted] and we are buying still to 2,258.

Senator HUMPHREY. That is in 1984. Now if we can follow along on that for the rest of them.

Admiral MOREAU. Well, the Sparrows, the requirement was [deleted] of which we have [deleted]. We are buying this year 225, but you see the requirement has doubled or very nearly so.

Senator HUMPHREY. All right.

Admiral MOREAU. The Sidewinder, this prior requirement was [deleted] and it has gone up to [deleted]. We have [deleted] on hand and we are buying 4,200.

Senator HUMPHREY. Do the requirements increase or how often do you revise the requirements?

Admiral MOREAU. You kind of monitor the requirements every year, and you don't do the kind of requirements change 1 year in 5.

When you do you will spend a year or two redoing that model.

Senator HUMPHREY. They really jump?

Admiral MOREAU. Yes; a lot of things changed. The most significant thing is the Soviet threat capability, and we are tracking some of the lessons learned from the Falklands, and you are also putting in your own P-K which improves as your own weapons systems improves.

Senator HUMPHREY. Going back to the Phoenix, you raised your requirement in one swoop to [deleted].

Admiral MOREAU. We raised that to [deleted]. We didn't know as much as we should about the Phoenix 4 years ago, and we didn't know as much as we could about the Backfire. We have done extensive other war studies in the past few years and these are signficant changes. I recognize that, and we recognize that we have known for 2 or 3 years that the figures were bad and we didn't change them because we couldn't do that kind of exhaustive modeling.

Senator HUMPHREY. Let us continue. If you don't have knowledge, you can get some sense of that.

Admiral MOREAU. Standard missile M-R, it should be SM-1.

The standard missile objective was [deleted] and you see it has changed downward to [deleted] and our assets are [deleted]. We are buying 3,900 because the SM-2 is coming on the line. I don't have figures for prior data for the SM-2.

On the SM-1ER, the prior objective was [deleted] and that is coming down as SM-2 comes on line. We had [deleted] on hand and I have a problem on that figure, Senator Humphrey.

Senator HUMPHREY. OK, will you continue.

Admiral MOREAU. It looks like that is all I have. The rest of these are iron bombs, but I can fill them in for you and send them back to your office and it will serve the record.

Senator HUMPHREY. I think it would be useful to have that.

[The information follows:]

NONNUCLEAR ORDNANCE STATUS

Senator HUMPHREY. What is the requirement of missiles?

Admiral MOREAU. The following is a breakdown of missile requirements:

	Fiscal year 1983 planning objective	Fiscal year 1983 programing objective	Current assets	Percent fiscal year 1983 plan/prog objective
Walleye I		[Deleted.]		
Walleye I DL				
Walleye II DL				
Harpoon AGM (air launched)				
Sparrow (air)				
Sidewinder				
Phoenix				
Sparrow BPD				
Sparrow IPD				
Harpoon RGM				
Harpoon UGM				
*HARM/SHRIKE				
Laser Maverick				
Torpedo MK 48				
Standard missile MR				
Standard missile ER				
Tomahawk surfaced launched				
Tomahawk submarine launched				

Admiral MOREAU. What you are seeing, I think that you well recognize, is simply the fact that in the last 15 years we are moving from dumb to smart weapons and they are very expensive. We were not able to fund them in early years and our sustainability has been relatively down.

Harpoons were at essentially [deleted] percent of requirement and we have started to fund them in a very serious way since we have been able, since the 1981 supplemental, and now you can see some progress. We were almost straightline before that.

Senator HUMPHREY. How about MK 48 torpedoes, do you have any figures on that?

Admiral MOREAU. I was looking for MK 48's.

Senator HUMPHREY. Have you raised your requirement or do you have that?

Admiral **Moreau**. I simply don't have it and I will have to provide it.

[The information follows:]

Torpedo MK 48

Senator **Humphrey**. What is the requirement for the MK 48?

Admiral **Moreau**. The MK 48 requirement is as follows:

Fiscal year 1983 planning objective	Fiscal year 1983 programing objective	Current assets	Percent fiscal year 1983 plan/programing objective
[Deleted]	[Deleted]	[Deleted]	[Deleted.]

Senator **Humphrey**. What about the other weapons, nuclear weapons?

Admiral **Moreau**. Let me tell you where we are with nuclear wapons in a general way.

We have all of the nuclear weapons that we should have. We are going to a SELAM-N, and the weapons we have are generally old and are going to go out of the inventory about 1990.

We have in the last 3 months completed in fair review of where we are in the tactical nuclear weapons policy business. It takes about 7 years to bring in a new weapon.

We have this year started and it takes a couple of years to do a requirement study on just what type of a weapon you want, and they have started on each of those weapons systems which we foresee having to look toward in the future.

We are about where we should be with regard to new stockpiles, if we are going to stay in the nuclear weapons business.

The T-LAM-N was delayed for a year and it is now scheduled for 1987 IOC. It is a very important weapon, funded and shown in the fund line.

Senator **Humphrey**. And I assume we have all of the strategic weapons we should have?

Admiral **Moreau**. All that we are supposed to have. We are funding the new warhead, and the IOC is 1989.

Senator **Humphrey**. I will return this to you so there is no question about it.

[The questions submitted for the hearing record follows:]

Questions Submitted by Senator Carl Levin

FISCAL YEAR 1983 BUDGET COMPARED TO FISCAL YEAR 1984 BUDGET

Senator **Levin**. Commodore Riendeau, would you say that the fiscal year 1984 O&M budget as submitted does a better or worse job of meeting the Navy's readiness requirements than the fical year 1983 budget as submitted?

Commodore **Riendeau**. Generally better, although there were many difficult decisions on funding levels for the many programs competing for resources during development of the budget. Speaking from the perspective of Operation and Maintenance, we have requested funding to sustain our maritime strategy of forward deployment, while balancing our limited resources in a manner which hopefully will improve the material condition of our ships and airplanes. We are also providing sufficient training for our officers and men to enable them to prevail in any contingency that they may be required to meet.

FISCAL YEAR 1984 BUDGET REDUCTIONS

Senator **Levin**. Commodore Riendeau, as this committee begins the task of reducing the real growth level in the President's fiscal year 1984 defense budget, what areas should not be cut?

Commodore **Riendeau**. Sir, there were months of effort to reach final decisions on mix and amount of resources for many individual programs during the development and fine tuning of the budget requests before the Congress now. I do not know an easy way to lobby for some programs to be exempt from cuts without directly affecting the program balance that is necessary for effective budget execution.

REPROGRAMING TO MEET PAY RAISE COSTS IN FISCAL YEAR 1983

Senator **Levin**. Commodore Riendeau, I have become concerned recently over a number of reprograming requests submitted to the Congress to realign funds to pay for the fiscal year 1983 military and civilian pay raises.

I realize that when Congress told the Services to "absorb" 25 percent of the cost of this pay raise in fiscal year 1983, the inevitable result is to take the funds from other programs.

But I am disappointed to see some of the programs the Services have reduced to fund the pay raise are important, readiness-related programs.

In one case, I noticed the Navy reprogramed $4.5 million out of aircraft depot maintenance in fiscal year 1983 to help pay the costs of the civilian pay raise in the Defense Agencies.

How did you decide what programs to take money from in order to fund the fiscal year 1983 pay raise? Did you make any effort to protect important readiness programs?

Commodore **Riendeau**. There were a number of factors we considered in developing the sources of funding recommended for this reprograming. First, we considered assets which were available and could be provided with minimal readiness impact. Funding made available by delaying of the start of the inactivation of the USS *Sea Dragon* from September 1983 to October 1983 was such an asset. Second, we considered overall reductions which had been made to the several areas of the O&MN appropriation, both in internal DOD reviews and by Congress, in an attempt to maintain an overall program balance. Third, we considered program execution status at the time that the requirement to absorb a portion of the pay raise was identified.

As a result of the above methodology, a relatively small reduction to aircraft rework was identified. While we are concerned about important readiness programs such as aircraft rework, the deferral of standard depot level maintenance on 14 airframes from September 1983 to October 1983 was considered acceptable, with a minimum impact on readiness.

FLYING HOURS

Senator **Levin**. Commodore Riendeau, it appears that both in terms of dollars and in terms of actual flying hours, the Navy's flying hour program in the fiscal year 1984 budget request is below the fiscal year 1983 level. What is the reason for this?

Commodore **Riendeau**. The dollar decrease from fiscal year 1983 to fiscal year 1984 is primarily due to a reduction in the price of fuel as shown below.

[Dollars per barrel]

	Fiscal year—		
	1983	1984	Delta
JP-4	$49.14	$42.00	−$7.14
JP-5	52.92	45.36	−7.56

The fiscal year 1984 program is not the optimum program for operational readiness, but due to fiscal constraints, and aircraft logistic priorities, the program is structured to achieve overall increased materiel readiness, i.e. spare parts availability and mission capable rates.

FLYING HOUR PROGRAM

[Hours in thousands/dollars millions]

	Fiscal year—					
	1982		1983		1984	
	Hours	Dollars	Hours	Dollars	Hours	Dollars
Strategic	16	20	25	30	28	31
General purpose	1,253	1,462	1,288	1,418	1,230	1,351
Intell/Comm	4	4	4	4	4	4
Training and recruit.	505	193	528	199	527	183
Administration	9	5	11	4	12	5
Total O&MN	1,787	1,684	1,856	1,655	1,851	1,574

Senator LEVIN. Commodore Riendeau, as you know, Primary Mission Readiness (PMR) represents the flying hours available to keep the Navy's aircrews qualified to perform the primary mission in assigned aircraft.

The Navy's longstanding peacetime goal for PMR for Tactical Air/ASW crews is 88 percent of PMR.

According to your statement, the fiscal year 1982 PMR was 83.6 percent; the fiscal year 1983 PMR was 83 percent; and the PMR in the fiscal year 1984 budget request drops again to 82.1 percent.

What is the reason for this continued decline in the PMR rate?

Does this mean that Navy Tactical Air/ASW crews will fly fewer hours per month in fiscal year 1984 than they did in fiscal year 1983?

Commodore RIENDEAU. The Navy has been forced by recent fiscal constraints and aircraft logistics priorities to decrease the training rates for its tactical aircrews. Although the PMR goal is 88 percent, the Navy has not been funded at the 88 percent level in the past several years. The fiscal year 1984 program is not the optimum program for operational readiness, but it is structured to achieve an overall increase in materiel readiness.

As indicated in the table below, in fiscal year 1984 hours per crew per month for our tactical aircrews will be slightly lower than fiscal year 1983.

FISCAL YEAR 1984 PRESIDENT'S BUDGET FLYING HOURS

	Fiscal year—		
	1982 actual	1983 estimate	1984 estimate
PRM [1] (percent	(83.6)	(83.0)	(82.1)
Hours per crew:			
Annual	288	280.0	276
Monthly	24	23.3	23

[1] Includes 2 percent simulator contribution.

Senator LEVIN. What are the likely consequences for crew readiness and proficiency of this reduced PMR in fiscal year 1984?

Commodore RIENDEAU. The impact on aircrew readiness in fiscal year 1984 resulting from a reduced level of primary mission readiness (PMR) is minimal, since under the Navy's peacetime operating concept, deployed squadrons and those in the later stages of work-up receive 100 percent PMR. Non-deployed squadrons and those in the early stages of work-up fly at reduced levels. A return to higher PMR in future budget requests, will prevent erosion of skills in the total force.

Senator LEVIN. What would it cost to bring tactical aircaft/ASW flying hours up to 88 percent PMR in fiscal year 1984?

Commodore RIENDEAU. The cost to increase PMR to 88 percent (including 2 percent simulators) is as follows.

TACAIR/ASW FLYING HOURS

	Fiscal year—		
	1984 Presidential budget	1984 (per 88 percent PMR)	Delta
Flying hours	825,298	885,661	+60,363
Cost (thousands)	$936,051	$1,004,340	+$68,289
Average cost/hour	$1,134	$1,134	
Primary mission readiness (percent):			
Flying hours	80.1	86.0	+5.9
Simulators	2.0	2.0	
Total	82.1	88.0	+5.9

Senator LEVIN. Commodore Riendeau, Secretary Lehman testified before this committee earlier this year that the Navy is "keeping our flying hours per aircrew about 25 hours a month."

The fiscal year 1984 DOD Force Readiness Report suggests a very different picture at least for tactical aircrews. According to this report, Navy tactical aircrews will average considerably less than 25 hours per month in fiscal year 1984, and will average less flying hours per month in fiscal year 1984 than either in fiscal year 1982 or fiscal year 1981.

Can you reconcile the statements of Secretary Lehman and the fiscal year 1984 DOD Force Readiness Report? Who is right? Will Navy tactical aircrews fly 25 hours per month, or something less in fiscal year 1984?

Commodore RIENDEAU. Although hours per crew per year and hours per crew per month can be used to measure flight activity, the readiness indicator used by the Department of the Navy is Primary Mission Readiness (PMR). PMR is expressed as a percentage of the total hours required to fly all the command syllabus training flights in order to achieve optimum readiness. PMR is considered to be a more precise indicator because it focuses on both the requirement (as prescribed in the command syllabus), and the level of flying hours available for tactical aircrews. The table below shows that like PMR, annual hours per crew and hours per crew per month are decreasing and that tactical aircrews will fly less than 25 hours per month in fiscal 1984.

FISCAL YEAR 1984 PRESIDENT'S BUDGET FLYING HOURS

	Fiscal year—		
	1982 actual	1983 estimate	1984 estimate
Flying hours	837,677	832,738	825,298
PMR [1] (percent)	(83.6)	(83.0)	(82.1)
Hours per crew:			
Annual	288	280.0	276
Monthly	24	23.3	23

[1] Includes 2 percent simulator contribution.

The data contained in the fiscal year 1984 DOD Force Readiness Report for annual hours per aircrew should be 276 vice 240. The data is different because at the time the report was prepared, final dollar controls and aircraft force levels were not finalized and the OSD staff had no choice but to estimate numbers.

RESERVE FLYING HOURS

Senator LEVIN. Admiral Dunn, according to Commodore Riendeau's statement, flying hours per Reserve pilot per year go from 137 hours in fiscal year 1982 to 134 in fiscal year 1983 to 129 in the fiscal year 1984 budget. What is the reason for this decline?

Admiral DUNN. Flight hours per pilot statistics are based upon the goal of 85 percent of Primary Mission Requirements (PMR) for tactical pilots and various other airframe utilization rates for other pilots. The change in the average number of hours per pilot noted for fiscal years 1982 through 1984 is due to the increase in the number of pilot billets from 2,525 in fiscal year 1982 to 2,846 in fiscal year 1984 and only a limited increase in the total number of flight hours. While there have been increases in utilization of certain aircraft these increases have not been sufficient to offset the proportionally larger gains in pilot billets, which has therefore driven the average number of hours per pilot down slightly.

RPMA FUNDING

Senator **Levin**. Commodore Riendeau, the Navy's request for Real Property Maintenance funds is lower in fiscal year 1984 than in either fiscal year 1983 or fiscal year 1982.

The backlog of real property maintenance also has increased since fiscal year 1982, up by 13 percent.

Is adequate funding for real property not a concern to the Navy? What accounts for the reduced funds and growing backlog of real property maintenance in the Navy's fiscal year 1984 budget request?

Commodore **Riendeau**. Adequate funding for Real Property Maintenance is of concern to the Navy. In a climate of austere funding all O&M requirements must compete for a share of the dollars. The reduced funds and growing backlog of real property maintenance in the Navy's 1984 budget however is reflective of Navy's attempt to present a balanced O&M budget within available resources.

Navy is also concerned about the effectiveness of funds being spent and how they relate to the mission capability of the base. A system of indicators to better represent base support requirements is currently being studied to allow better management decisions on funding alternatives than are allowed now through the use of BMAR.

Senator **Levin**. Commodore Riendeau, when we visited Norfolk last January, we discussed the Navy's plans to increase the operating services periods between depot overhauls for Navy aircraft.

Has the Navy decided to extend the operating services periods (OSP) between depot overhauls for some of the aircraft models?

Which models are involved?

Was the fiscal year 1984 budget request for aircraft depot maintenance developed based on the previous operating service periods or the new, longer operating service periods?

Commodore **Riendeau**. The Navy extended the OSP of several type model series (TMS) of aircraft on 1 April 1983 as shown below. Where more than one figure is indicated this reflects the length of the OSP subsequent to the first cycle:

TMS	Previous OSP	New OSP
F-14A	36 mo	44 mos.
AV-8A/C	1,000/1,800/2,400 hr	1,000/1,900/2,500 hr.
A-3 (except EA3B)	24 mo	36 mos.
TE-2C	24 mo	30 mos.
CT39E/G	36 mo	36/48 mos.
EA-6B	32/28/24 mo	48/36 mos.
A-4(all)	33 mo	36 mos.
C-2A	15 mo	21 mos.
P-3A/B/C	60/50/40 mo	60/60/50/40 mos.

The fiscal year 1984 congressional submit was developed prior to the above operating service period adjustments being finalized and did not include these specific adjustments. However, in view of the fact these adjustments were pending and in consideration of the aircraft service period adjustment (ASPA) program the Navy is implementing, the airframe rework requirement was decremented by 350 airframe reworks and $131.6 million in the congressional budget submission. Based on the new OSP's identified above, the Navy calculates that 128 reworks were deferred from fiscal year 1984 specifically for these adjustments. If the 350 airframe deferrals projected in the budget submission are to be achieved, the remaining 222 aircraft reworks will have to be deferred based on the ASPA inspection program.

AIRCRAFT DEPOT MAINTENANCE

Senator **Levin**. Commodore Riendeau, the fiscal year 1984 budget reflects a zero backlog in Navy aircraft depot for financial reasons, but a $274 million backlog for "other constraints."

What are these "other constraints"?

Are any of these constraints driven by anything other than operational constraints or industrial capacity, such as lack of civilian end-strength ceilings?

Commodore **Riendeau**. In my prepared statement, I spoke of the elimination of an executable backlog in the following areas of depot maintenance: airframes, aircraft engines, ship-launched and air-launched missiles and ordnance, other aviation support equipment, torpedoes, and other ship-borne equipment such as radars, sonars and fire control systems. The executable backlog is defined as that portion of the total backlog which could be executed by providing additional funding alone (no additional manpower). The fiscal year 1984 President's budget reflected zero executable backlog in fiscal year 1984.

Elimination of the $274 million aircraft depot backlog would require approximately 3,200 more personnel than are currently authorized for fiscal year 1984. There are no operational or industrial capacity constraints that would preclude the work being accomplished. However, elimination of the total backlog would be impractical and could generate additional costs because of the difficulty in hiring and training 3,200 personnel in such a short period of time.

Senator **Levin**. Commodore Riendeau, the fiscal year 1984 DOD Force Readiness Report points out that "The percentage of Navy airframes overdue for overhaul is expected to remain steady at 16 percent from fiscal year 1983–85, dropping to 9 percent by fiscal year 1986, and reaching the Navy goal of 6 percent by fiscal year 1987."

Why is the percentage of Navy airframes on extension staying so high (at 16 percent)?

Why aren't you able to bring this number down to the Navy goal of 6 percent before fiscal year 1987?

Commodore **Riendeau**. The airframe on extension position remains high because of a conscious decision to maximize near term readiness with available resources by providing increased funding to the engine and component repair programs rather than attempting to achieve the 6 percent goal for aircraft on extension. Engine and component funding is projected to increase from 86 percent and 89 percent of requirement respectively in fiscal year 1983 to 95 percent of requirement in fiscal year 1985 and 100 percent in fiscal year 1986. Based on current funding profile additional funding to reduce airframes on extension to 6 percent is not available until fiscal year 1986. It should be noted that the currently projected fiscal year 1983 and fiscal year 1984 extension positions are 14.6 percent and 10.5 percent respectively. It should also be noted that Congress reduced fiscal year 1983 funding for airframe rework by $50 million. This action increased airframes on extension by about 5 percent.

LEBANON OPERATIONS

Senator **Levin**. Commodore Riendeau, what is the cost of the Navy's role in Lebanon in fiscal year 1983?

Commodore **Riendeau**. The incremental cost of Lebanon operations for fiscal year 1983 is currently estimated at $65 million. Actual cost incurred through March 31, 1983 was $37 million. Incremental costs are those costs in excess of a normal Mediterranean deployment for these units.

Senator **Levin**. Since funds for this operation weren't included in fiscal year 1983 budget, how are these unexpected bills being paid?

Commodore **Riendeau**. Approximately $15.9 million has been absorbed by cancellation or curtailment of select ship and aircraft work-up and training evolutions. Navy programs are under review for possible reprioritization in order to identify resources for reprogramming to defray the balance of $49.1 million.

Senator **Levin**. Does the fiscal year 1984 budget assume a continuation of the higher level of ship and aircraft operations in the western Mediterranean?

Commodore **Riendeau**. The fiscal year 1984 budget does not anticipate continuation of the naval support for the Multi-National Force in Lebanon.

NAVAL AIRCRAFT PEACETIME OPERATING STOCKS

Senator **Levin**. Commodore Riendeau, the fiscal year 1984 Force Readiness Report shows dramatic growth in the Navy's requirement and funding for aircraft peacetime operating stocks.

NAVY AIRCRAFT PEACETIME OPERATING STOCKS

[Dollars in millions]

Navy	Fiscal year—			
	1981 actual	1982 actual	1983 estimate	1984 request
Requirement [1]	$1,307	$1,888	$2,372	$2,385
Funding [1]	$1,096	$1,527	$1,951	$2,108
Funding as percent of requirement	(84)	(81)	(82)	(88)
Aircraft inventory [2]	4,834	4,528	4,994	5,057
Flying hours (in thousands) [3]	1,979	2,000	2,073	2,075

[1] From 1981 to 1982, requirement increases 44 percent. From 1981 to 1984, requirement increases 82 percent, funding increases 92 percent.

[2] From 1981 to 1984, aircraft inventory increases 4.6 percent.

[3] From 1981 to 1984, flying hours increases 4.9 percent.

From fiscal year 1981 to fiscal year 1984, the dollar requirement for aircraft peacetime operating stocks in the Navy grew by 82 percent. During this same period, the inventory of Navy aircraft grew by only 4.6 percent, and the Navy's total number of flying hours grew by 4.9 percent.

Funding for peacetime operating stocks has increased even more drastically. From fiscal year 1981 to fiscal year 1984, Navy funding has grown by 92 percent.

Commodore Riendeau, what accounts for this explosive growth in the requirement and funding for Navy aircraft peacetime operating stocks?

Commodore RIENDEAU. The growth shown in fiscal year 1982 through fiscal year 1984 is a direct result of the almost simultaneous Fleet introduction of three new major Aircraft Weapon Systems (F/A-18, SH-60B, AV-8B) and a major initiative to improve fleet readiness (AVCAL) Restoration). The three aircraft programs require a full set of spares for each site whereas the existing aircraft only require incremental spares for augmentation of present sites which is a smaller requirement. The AVCAL Restoration program is procuring a retail level of inventory to improve planeside readiness that did not exist prior to 1981. Shown below is the aircraft spares requirement for fiscal year 1982 through fiscal year 1984 without these four major programs. Fiscal year 1982, 1,348; fiscal year 1983, 1,387; and fiscal year 1984: 1,268.

These basic requirements show no real growth from the fiscal year 1981 requirement of $1,307.

AIRCRAFT SPARES

Senator LEVIN. In fiscal year 1984, the funding for aircraft peacetime operating stocks, in the Navy is still 123 percent short of the requirement. What is the operational impact of not fully funding the requirement for aircraft peacetime operating stocks, assuming that the requirement is, in fact, a valid indication of need?

Commodore RIENDEAU. The requirement of aircraft spares is developed using a zero based, bottoms-up approach. Past statistics have indicated that overall Navy Mission Capable (MC) rate is degraded 1 percent for each $200M of unfunded spares requirements. The unfunded spares requirements will reduce the ability to respond to worldwide contingencies.

Senator HUMPHREY. Thank you very much, gentlemen; we appreciate your testimony.

[Whereupon, at 4:18 p.m., the subcommittee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

WEDNESDAY, APRIL 27, 1983

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

ARMY AND AIR FORCE MUNITIONS ACCOUNTS

The subcommittee met in open session, pursuant to notice, at 2:02 p.m., in room SR 222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Levin.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; and Marie Chaillet, staff assistant.

Also present: Ron Kelly, assistant to Senator Humphrey; Jon Etherton, assistant to Senator Jepsen; and Kathleen Callahan, assistant to Senator Bingaman.

Senator **HUMPHREY**. Good afternoon. The subcommittee meets to receive testimony from the Air Force and Army on the current status and the fiscal year 1984 requests for other procurement and ammunition accounts.

We welcome as witnesses Brig. Gen. Alfred G. Hansen, Director, Logistics Plans and Programs, Deputy Chief of Staff/Logistics & Engineering, Headquarters, U.S. Air Force, and Brig. Gen. Phillip H. Mason, Director of Combat Support Systems, Office of the Deputy Chief of Staff for Research, Development, and Acquisition, Department of the Army.

Good afternoon, gentlemen, and welcome. General Hansen, will you proceed first, please?

STATEMENT OF BRIG. GEN. ALFRED G. HANSEN, DIRECTOR, LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF OF STAFF/LOGISTICS AND ENGINEERING HEADQUARTERS, U.S. AIR FORCE

General **HANSEN**. Yes, sir. My presentation is threefold today. I have a statement I would like to submit for the record with your approval, Mr. Chairman.

Senator **HUMPHREY**. Fine.

General **HANSEN**. I have a short statement that will summarize my statement for the record, and then with your permission I would like to present a visual slide presentation.

Senator **HUMPHREY**. Fine.

General HANSEN. Mr. Chairman, it is a pleasure to be here today and discuss three elements of the other procurement Air Force appropriation which contributes to the preparedness of our peacetime and combat force structure, namely munitions and associated equipment, other base maintenance and support equipment and the spares and repair parts for our ground communication and electronic systems.

Beginning with munitions, our fiscal year 1984 funding request for $1.2 billion continues the initiatives begun by the Reagan administration in the fiscal year 1981 supplemental to fund sufficient practice munitions and equipment to insure air crews are trained in weapons employments and ground crews are properly trained in maintenance and storage procedures.

The major portion of the munitions program is for the procurement of war reserves which are needed to increase our combat sustainability and meet the time-phased inventory objectives specified in the Secretary of Defense's defense guidance.

War reserve munitions are critically needed to fill the shortfalls and modernize our Vietnam era inventory, which is rapidly becoming obsolete and unreliable.

Of the $1.2 billion requested, $320 million or 27 percent will be spent on training; $861 million or 72 percent to expand our war reserve stocks, with the remaining 1 percent, $11 million, for modification of in-service munitions, spare parts, security force weapons, and weapons support equipment.

At this time, I would like to thank this committee for their support last year in helping secure our request for antiarmor munitions. As a direct result, the CBU-87 combined effects munitions will be entering production in our inventory 1 year earlier.

Even with the acceleration of the CBU-87 and after the delivery of our fiscal year 1984 requested munitions, stocks of close air-support munitions will still remain at less than 20 percent of our near-term requirements.

In our other base maintenance and support equipment request there is a wide spectrum of equipment that supports all weapon systems and bases throughout the Air Force, including the Air National Guard and Air Force Reserve. This area is crucial to enhancing our preparedness infrastructure and mobility, sustainability, and survivability capabilities.

Because of other competing Air Force priorities, the 1984 request satisfies only 62 percent of the total requirement. Although underfunded, we wish to insure the committee that the program is an appropriately balanced approach toward satisfying the broad spectrum of requirements in our most vital preparedness shortfalls.

Lastly, I would like to focus on another very critical area vital to our peacetime and combat sustainability, that of spares and repair parts for our ground electronics and telecommunications systems. Both initial and follow-on replenishment spares are necessary for procurement.

As I go through my presentation, you will note the growth in this program. I must point out, however, that the spares request is proportional to the increased funding for new equipment acquisitions which amounts to over $800 million in fiscal years 1982 and 1984. The higher cost associated with the best advanced high technology being developed today also contributes to the increased program value of spare parts. Funds requested will support new systems such as Over-the-Horizon Backscatter Radar, Pave Paws, minimally attended radars, TRI-TAC, SACDIN, and other new programs in production. These spares are also required for support of systems currently in the inventory.

Briefly, that summarizes the $1.9 billion that I will be presenting today and with your permission now, Mr. Chairman, I would like to amplify those remarks with some slides.

Senator HUMPHREY. Before you go on to that, General, let me ask you about some figures you cited there.

The $1.9 billion is your request. That represents 62 percent of your requirement; is that correct?

General HANSEN. In some of the areas, yes, sir. It is 62 percent of the total requirement.

Senator HUMPHREY. Overall?

General HANSEN. Overall, yes, sir, in the other base maintenance and support equipment program.

Senator HUMPHREY. How does that figure compare with last year, for instance, or this year, 1983?

General HANSEN. Other base maintenance and support equipment was 69 percent funded in fiscal year 1983. A comparison in munitions is sort of difficult because 1983 was a transition year, from a high quantity of munitions going into a new type of munitions that have a slow start and a higher ramp.

Senator HUMPHREY. All right, I understand. What percentage did you say is going into building up war reserves?

General HANSEN. That is 72 percent, sir.

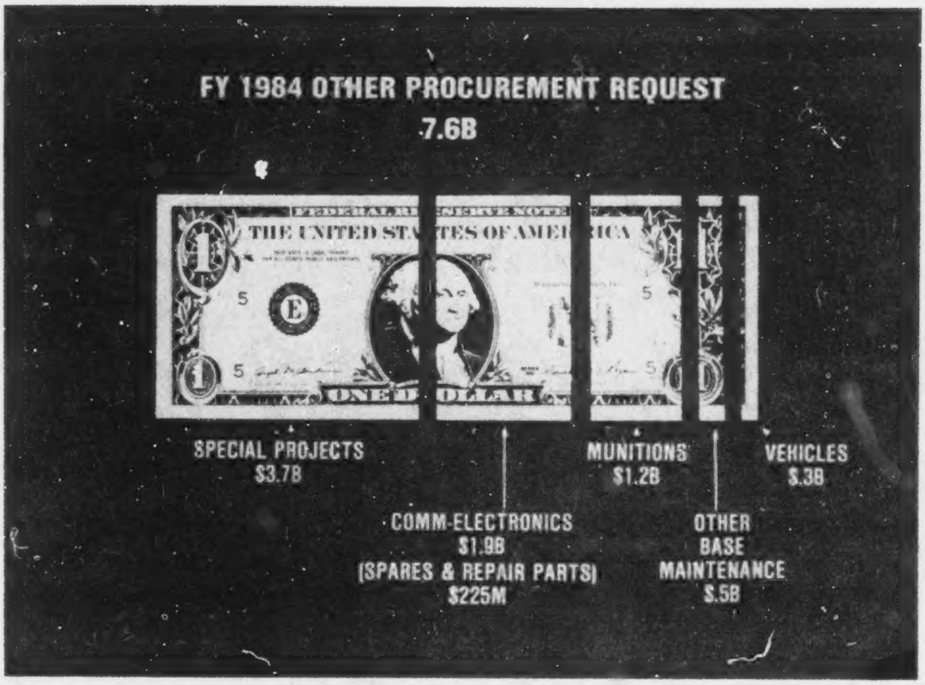
Senator HUMPHREY. Seventy-two, and the balance is training?

General HANSEN. Yes, 27 percent is training; 1 percent is other—machineguns, handguns, mortars, those sorts of weapons.

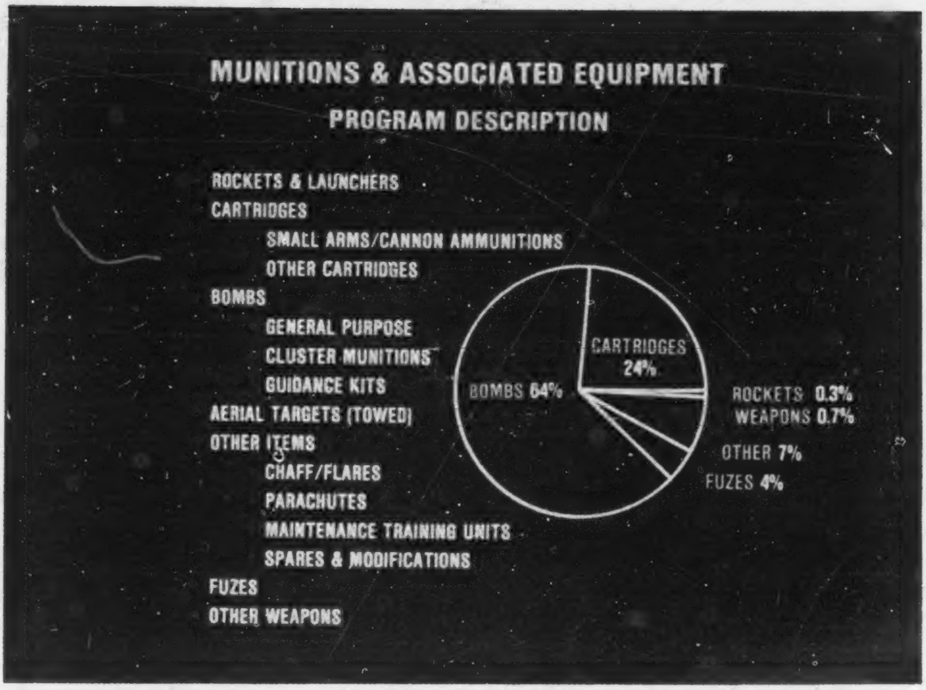
Senator HUMPHREY. Do you have comparative figures for 1983 in those categories?

General HANSEN. I have a chart that will show that, sir.

Senator HUMPHREY. All right, fine. Thank you.



General HANSEN. This chart reflects the entire other base procurement which is $7.6 million. I will be addressing the $1.2 billion in munitions and other base which will make up the remaining $500 million.



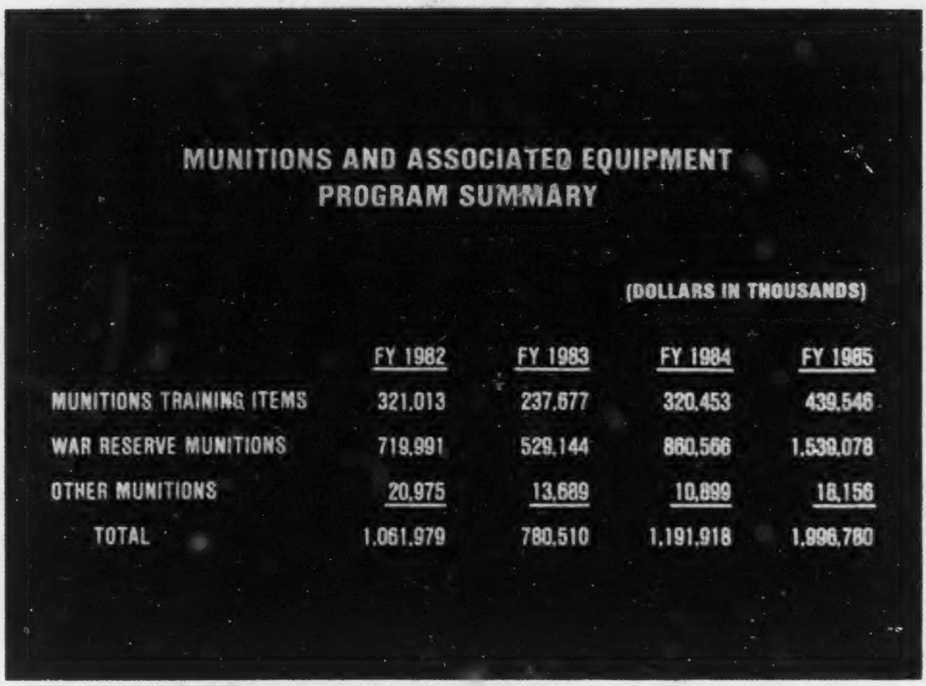
MUNITIONS & ASSOCIATED EQUIPMENT

PROGRAM DESCRIPTION

- ROCKETS & LAUNCHERS
- CARTRIDGES
  - SMALL ARMS/CANNON AMMUNITIONS
  - OTHER CARTRIDGES
- BOMBS
  - GENERAL PURPOSE
  - CLUSTER MUNITIONS
  - GUIDANCE KITS
- AERIAL TARGETS (TOWED)
- OTHER ITEMS
  - CHAFF/FLARES
  - PARACHUTES
  - MAINTENANCE TRAINING UNITS
  - SPARES & MODIFICATIONS
- FUZES
- OTHER WEAPONS

Talking first about the munitions. The munitions is broken down into seven categories, and you can see the various types of munitions that are associated with each of the categories.

The two major categories are bombs and cartridges which are representative of 64 percent for bombs and 24 percent in cartridges. The remainder goes into rockets and other types of weapons.



MUNITIONS AND ASSOCIATED EQUIPMENT
PROGRAM SUMMARY

(DOLLARS IN THOUSANDS)

	FY 1982	FY 1983	FY 1984	FY 1985
MUNITIONS TRAINING ITEMS	321,013	237,677	320,453	439,546
WAR RESERVE MUNITIONS	719,991	529,144	860,566	1,539,078
OTHER MUNITIONS	20,975	13,689	10,899	18,156
TOTAL	1,061,979	780,510	1,191,918	1,996,780

These are the figures that you were referring to, sir. It is the munitions and associated equipment, and you can see between 1982 to 1985 in the training munitions and war reserve munitions, basically the percentages have remained pretty much the same over that period of time.

The ramp-down that I was referring to you see very graphically on this slide, that from 1982 to 1983 there was quite a decrease and then, as I said earlier, the main reason is that production rate from some older type munitions, and in ramping of some new munitions with a slow initial start. As you can see, as we go out to 1984 and 1985 the pace does pick up considerably.

Senator **Humphrey**. Can you go into some greater detail on what accounts for this large increase in expenditures on war reserve munitions?

General **Hansen**. It is the phaseup, sir.

Senator **Humphrey**. Paying for stuff that is in the pipeline, is that it?

General **Hansen**. Well actually, sir, it is just a question of production. As we start up with the new munitions and as we facilitize and build up our production base we start off at a low rate and then, as the production base increases in some cases we go to a second source of production and we are able to make our objective.

At this particular point we have made our objective on several weapons, our production, annual production.

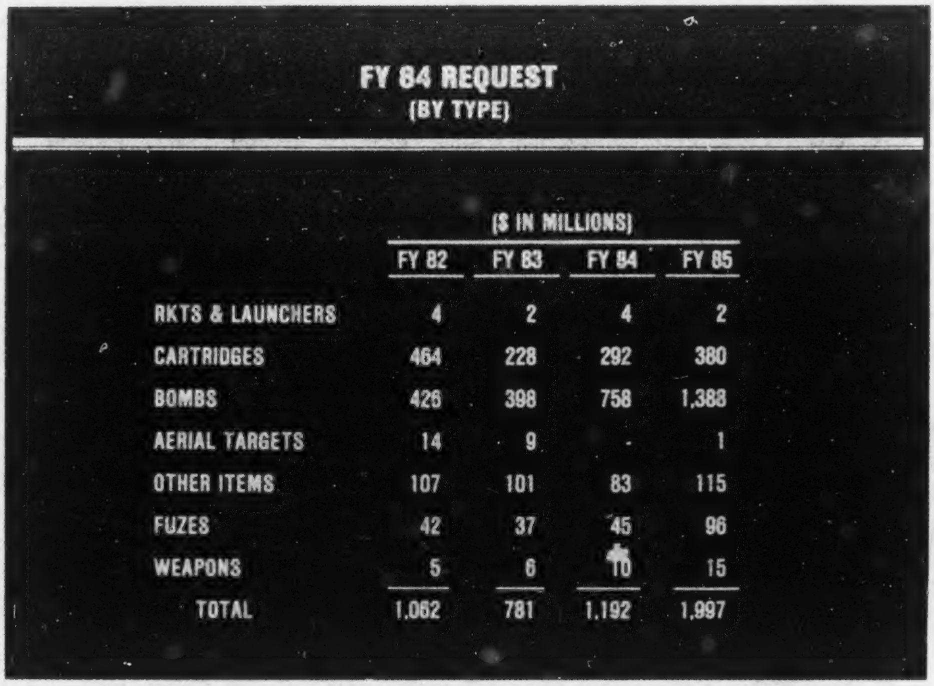
Senator **Humphrey**. This appears to be a dramatic increase in that category. Is that going to be reflected in a dramatic decline in the shortages in war reserves?

General **Hansen**. No, sir. This will more likely sustain itself until we buy enough of munitions that we are producing here. The way the Air Force does it, we will buy our requirements. When we get into the closed portion I will be able to discuss exactly what our requirements are.

But we initially try to produce the first part of our wartime requirements. Then we ramp down and keep a warm production base so if hostilities start, we can go ahead and start up high-rate production.

So, as we reach the initial objective we do scale down and, if they have another new munition, we will start it with another slow rise.

Here we were purchasing a lot of bombs, a lot of dumb bombs. Now we are starting to get into some preferred munitions here with a slower ramp-up.



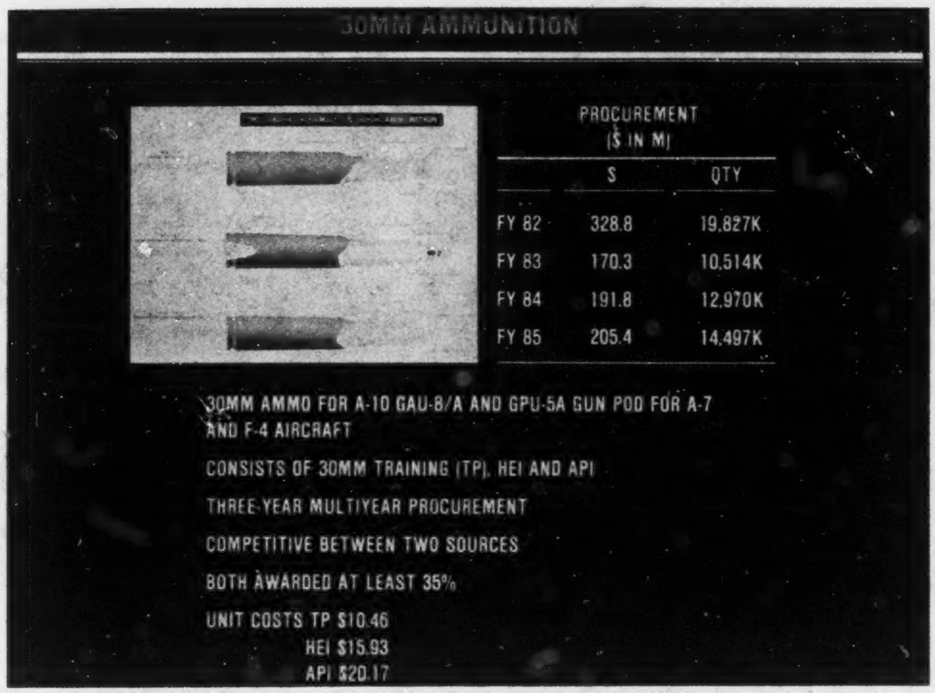
FY 84 REQUEST
(BY TYPE)

	($ IN MILLIONS)			
	FY 82	FY 83	FY 84	FY 85
RKTS & LAUNCHERS	4	2	4	2
CARTRIDGES	464	228	292	380
BOMBS	426	398	758	1,388
AERIAL TARGETS	14	9	-	1
OTHER ITEMS	107	101	83	115
FUZES	42	37	45	96
WEAPONS	5	6	10	15
TOTAL	1,062	781	1,192	1,997

This once again shows the ramp-down that I was just talking about. In the aerial targets, this represents a move away from air-to-air gunnery practice within the Air Force. We do not feel that there is that much need any more for the old close-in, dogfight-type maneuvers. So, we are doing less practicing and move on to more of a missile-oriented Air Force.

So, there has been a decrease in the requirements for targets.

You can see there is a very large increase in fuzes. The Air Force has a need for fuzes and I will discuss that in specifics in a few minutes.



30MM AMMUNITION

	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	328.8	19,827K
FY 83	170.3	10,514K
FY 84	191.8	12,970K
FY 85	205.4	14,497K

30MM AMMO FOR A-10 GAU-8/A AND GPU-5A GUN POD FOR A-7 AND F-4 AIRCRAFT

CONSISTS OF 30MM TRAINING (TP), HEI AND API

THREE-YEAR MULTIYEAR PROCUREMENT

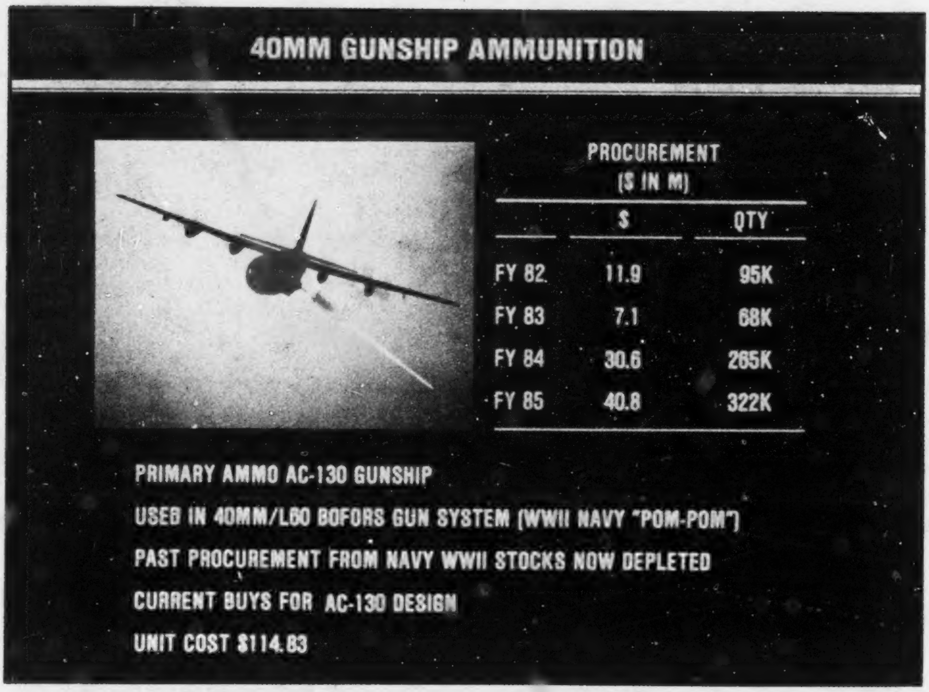
COMPETITIVE BETWEEN TWO SOURCES

BOTH AWARDED AT LEAST 35%

UNIT COSTS TP $10.46
HEI $15.93
API $20.17

I would like to show you some representative munitions that we are buying at this time. The good old standby is the 30-mm ammunition for use on an internal gun, on the A–10, also an externally carried POD on the F–4 and on the A–7.

The munition is produced in three categories, a training round, high explosive incendiary, and then an antiarmor piercing incendiary. This has been a very effective munition, a tank killer, on our A–10 aircraft. This is multiyear and it has been very successful.



40MM GUNSHIP AMMUNITION

	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	11.9	95K
FY 83	7.1	68K
FY 84	30.6	265K
FY 85	40.8	322K

PRIMARY AMMO AC-130 GUNSHIP

USED IN 40MM/L60 BOFORS GUN SYSTEM (WWII NAVY "POM-POM")

PAST PROCUREMENT FROM NAVY WWII STOCKS NOW DEPLETED

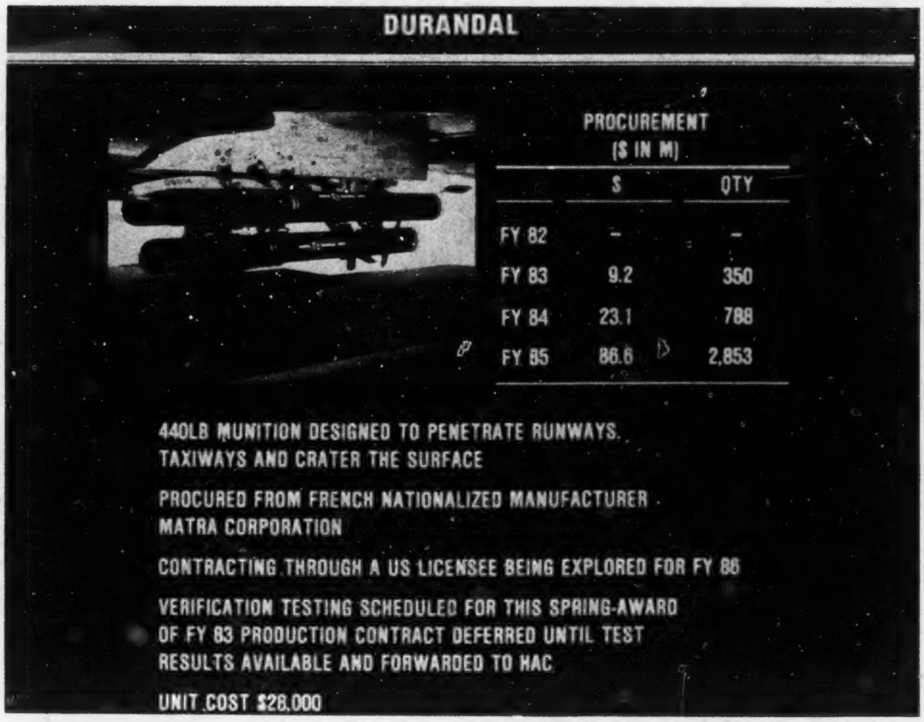
CURRENT BUYS FOR AC-130 DESIGN

UNIT COST $114.83

The 40-mm gunship ammunition. We have several C–130-type aircraft that have a large 40-mm cannon on it. It is the old Navy Pom-pom gun that I am sure you are familiar with. It is mounted internal to the airplane. During Vietnam, it was extremely effective as a truck and tank killer. It is very slow firing but very effective.

During this period of time we were able to use a whole bunch of old World War II type munitions that were built during that period of time. This ramp-up that you see in munitions reflects the fact that we are running out of those munitions and now we are trying to start producing them from a new source.

But our intention is to use what is left of this old munition as training as we build the stockpile on new munitions.



DURANDAL

	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	–	–
FY 83	9.2	350
FY 84	23.1	788
FY 85	86.6	2,853

440LB MUNITION DESIGNED TO PENETRATE RUNWAYS, TAXIWAYS AND CRATER THE SURFACE

PROCURED FROM FRENCH NATIONALIZED MANUFACTURER MATRA CORPORATION

CONTRACTING THROUGH A US LICENSEE BEING EXPLORED FOR FY 86

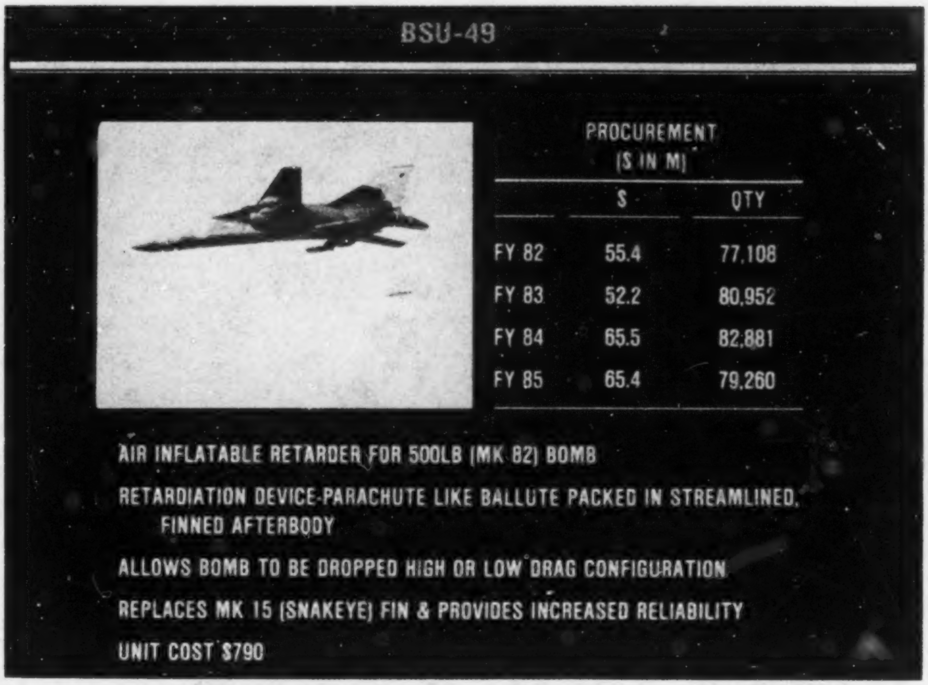
VERIFICATION TESTING SCHEDULED FOR THIS SPRING-AWARD OF FY 83 PRODUCTION CONTRACT DEFERRED UNTIL TEST RESULTS AVAILABLE AND FORWARDED TO HAC

UNIT COST $28,000

This is the only really runway-busting munition that the U.S. Air Force has today. It is a direct delivery munition. By that I mean that the airplane must fly directly over the runway in order to expend the munition. It is released and retarded by a parachute. As it approaches the vertical down position, a rocket fires, builds up the energy, crashes through the runway and then explodes and makes a very, very effective crater.

It has about a 110-pound warhead on it. It is French made. Unfortunately, we have not been able to find an American manufacturer that has a comparable munition, although we are pursuing licensing that, with an American manufacturer, more than likely in 1986.

But it is an effective munition. It has gone through the test. We hope to start production this year in June.



BSU-49

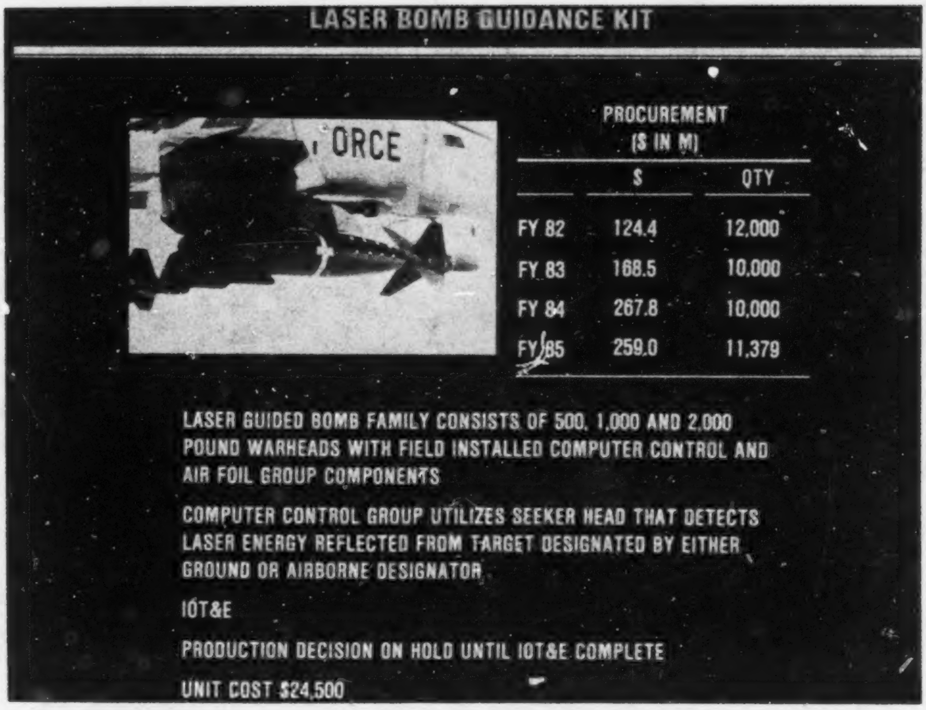
	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	55.4	77,108
FY 83	52.2	80,952
FY 84	65.5	82,881
FY 85	65.4	79,260

- AIR INFLATABLE RETARDER FOR 500LB (MK 82) BOMB
- RETARDIATION DEVICE-PARACHUTE LIKE BALLUTE PACKED IN STREAMLINED, FINNED AFTERBODY
- ALLOWS BOMB TO BE DROPPED HIGH OR LOW DRAG CONFIGURATION
- REPLACES MK 15 (SNAKEYE) FIN & PROVIDES INCREASED RELIABILITY
- UNIT COST $790

BSU-49 is just a fancy name for a retarder on the bomb. It produces a high drag on the bomb and allows the airplane to deliver the bomb in a level delivery and then be able to escape from the lethal zone of the munition itself.

In this particular case the BSU-49 is for a 500-pound bomb and it replaces the old Snakeye type mechanical fins that were on the bomb. This gives you the option of selecting high or low drag en route to the target.

We also have the BSU-50, which is for the 2,000-pound bomb.



LASER BOMB GUIDANCE KIT

PROCUREMENT ($ IN M)

	$	QTY
FY 82	124.4	12,000
FY 83	168.5	10,000
FY 84	267.8	10,000
FY 85	259.0	11,379

LASER GUIDED BOMB FAMILY CONSISTS OF 500, 1,000 AND 2,000 POUND WARHEADS WITH FIELD INSTALLED COMPUTER CONTROL AND AIR FOIL GROUP COMPONENTS

COMPUTER CONTROL GROUP UTILIZES SEEKER HEAD THAT DETECTS LASER ENERGY REFLECTED FROM TARGET DESIGNATED BY EITHER GROUND OR AIRBORNE DESIGNATOR

IOT&E

PRODUCTION DECISION ON HOLD UNTIL IOT&E COMPLETE

UNIT COST $24,500

The laser bomb guidance system. Actually what this is, it is a kit that goes on various size bombs. It goes on 500-pound and 2,000-pound weapons. It is a standoff munition. It gives you a capability to release the bomb, guide it in, and then strike the target that is being designated with a laser.

It is actually a family of laser-guided bombs that were first developed through the Vietnam era. I recall at that time it was called Pave Way I, and we went to Pave Way II. Actually this version, the low-level, laser-guided bomb, is the third generation of that particular bomb.

We are having some problems with this bomb. We twice had to stop the IOT&E on it because either of bomb failure or failure to hit within the circle of accuracy that was prescribed.

Presently the testing is halted. We are going to have a general officer group take a look at it and make a decision on whether or not it is a tactics problem or whether it is a problem in the bomb itself.

We believe the problem is more than likely in the tactics that are being used to employ on the weapon, in that we are trying to laser designate the target at too great a standoff distance and as a result the munition has either run out of energy and has fallen short or, No. 2, the laser designation was too weak for the bomb to pick up and zero in on the target.

Senator HUMPHREY. Do you have figures on how much you have remaining unexpended from 1982 and 1983, or will have at the end of 1983?

General Hansen. Yes, sir, I can give you that, expended in 1983. We are buying 8,000 of the old bombs and 2,000 of the new. What is the breakdown on that?

It is $98 million for the new in 1983. This represents all of the 1984.

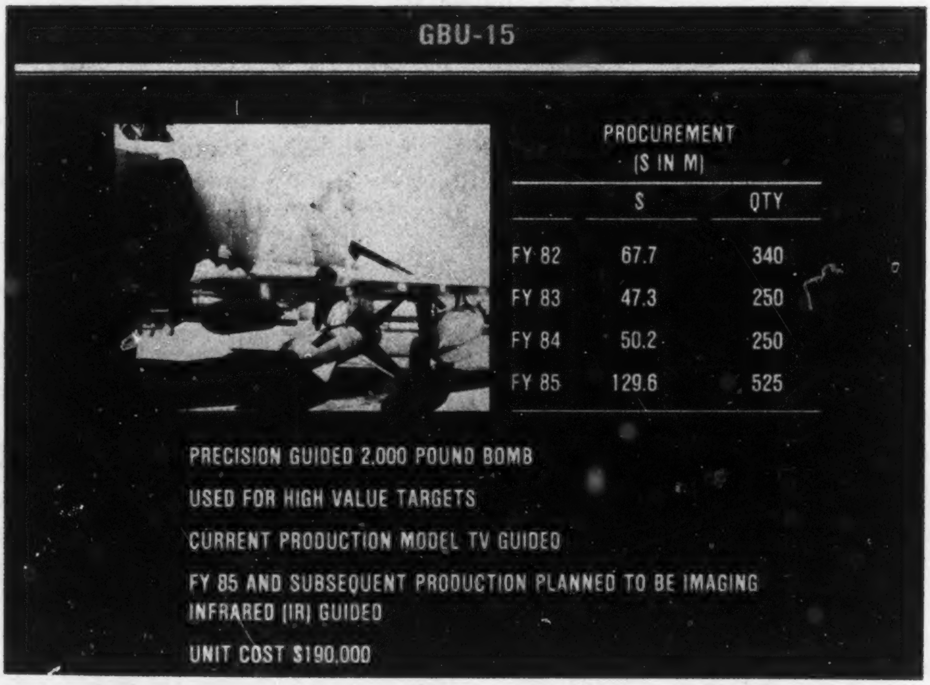
Senator Humphrey. Well, what we need to know is your justification for requesting $267 million in 1984 if this program is on hold.

General Hansen. As I said earlier, sir, we still have some hope for the weapon. We should know within the next couple of weeks. We can go on production on it as late as June. It is questionable, I will grant you that.

Until the results of these last two tests which have just been within the last week or 10 days are analyzed and we can determine specifically whether it was a weapons problem or whether it was a tactics problem, that will determine the 1984 outlay. We will be able to provide that for you as soon as this information is available.

Senator Humphrey. All right. We will make that request of you.

General Hansen. All right, sir. The GBU-15 once again is a precision standoff munition that allows the air crews to release it some distance from the target in the relatively benign area. It is TV guided with a data link that allows the weapon to be guided at the last minute toward the target.



GBU-15

PROCUREMENT ($ IN M)

	$	QTY
FY 82	67.7	340
FY 83	47.3	250
FY 84	50.2	250
FY 85	129.6	525

PRECISION GUIDED 2,000 POUND BOMB

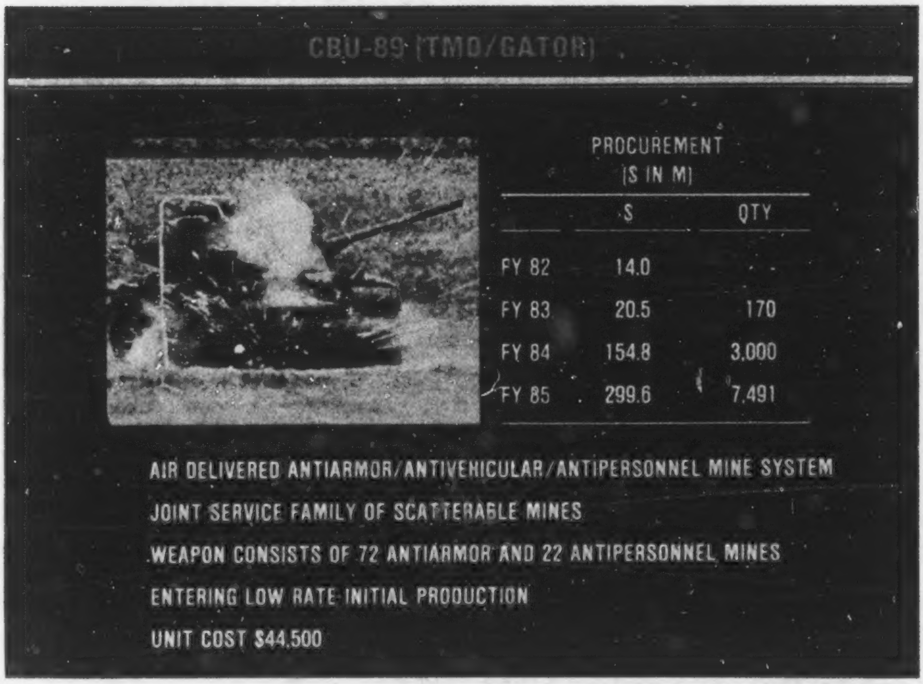
USED FOR HIGH VALUE TARGETS

CURRENT PRODUCTION MODEL TV GUIDED

FY 85 AND SUBSEQUENT PRODUCTION PLANNED TO BE IMAGING INFRARED (IR) GUIDED

UNIT COST $190,000

This is on schedule; we have no problems with this. The weapon has been excellent. In 1985 we are looking at some improvements on the weapon and that will give us an all-weather, all day-night capability.



CBU-89 (TMD/GATOR)

PROCUREMENT ($ IN M)

	$	QTY
FY 82	14.0	- -
FY 83	20.5	170
FY 84	154.8	3,000
FY 85	299.6	7,491

AIR DELIVERED ANTIARMOR/ANTIVEHICULAR/ANTIPERSONNEL MINE SYSTEM

JOINT SERVICE FAMILY OF SCATTERABLE MINES

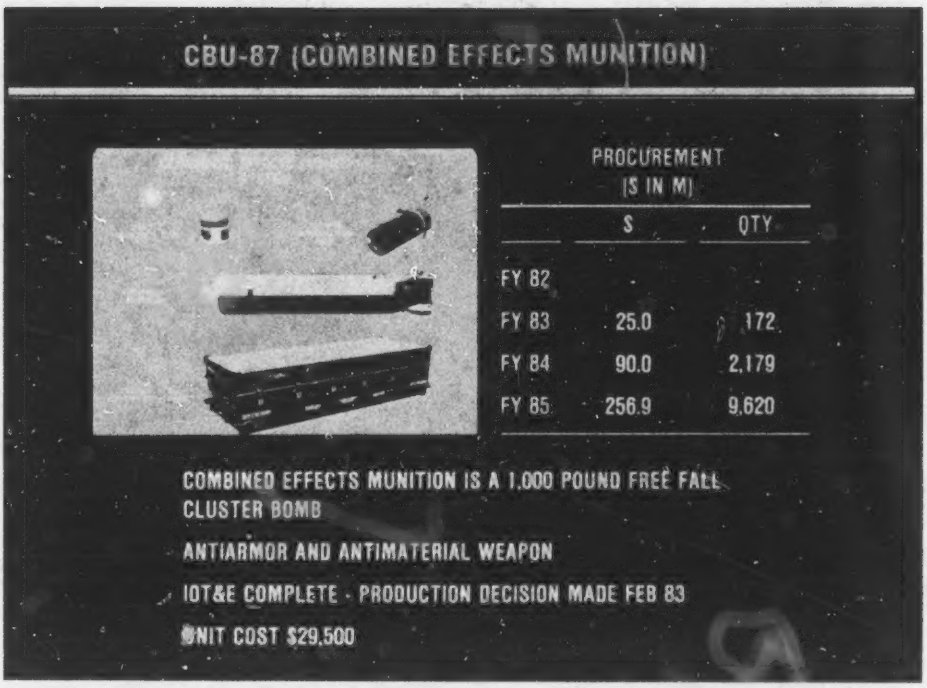
WEAPON CONSISTS OF 72 ANTIARMOR AND 22 ANTIPERSONNEL MINES

ENTERING LOW RATE INITIAL PRODUCTION

UNIT COST $44,500

Our CBU-89, our Gator Mine, has gone into production in 1983. It is an extremely effective munition. The tests were highly successful on this particular munition and the concept on this is to go ahead and deliver Gator Mines to channel the enemy armor, as a result of having the minefield, into a so-called kill zone.

It has been effective against all known tanks that are in existence today. Basically what it does, it explodes underneath the belly, the soft underparts of the tank, and drives a munition into the tank where it kills the crew. It may not kill the tank but it kills the crew.



CBU-87 (COMBINED EFFECTS MUNITION)

	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	-	-
FY 83	25.0	172
FY 84	90.0	2,179
FY 85	256.9	9,620

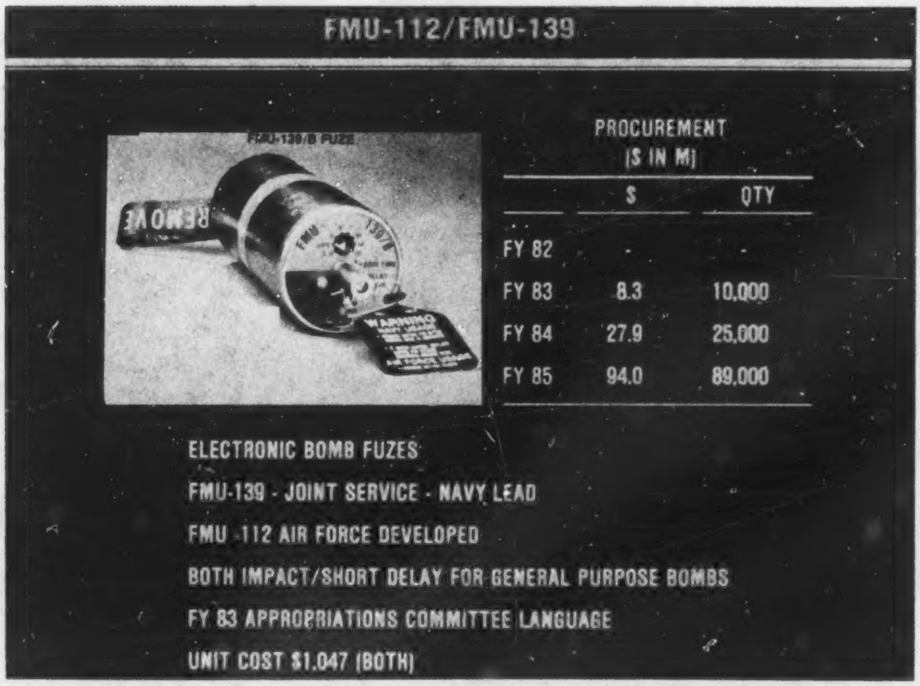
COMBINED EFFECTS MUNITION IS A 1,000 POUND FREE FALL CLUSTER BOMB

ANTIARMOR AND ANTIMATERIAL WEAPON

IOT&E COMPLETE - PRODUCTION DECISION MADE FEB 83

UNIT COST $29,500

This is our combined effects munition that I discussed earlier. Once again a very versatile munition against people, against armor, against diesel fuel. It is a 3-way munition and within the bomb itself there are 202 bomblets. When released from the airplane, the canister picks up a spin motion. It has a nice dispersal area and is very, very effective. The tests on this munition have been excellent.


FMU-139/B FUZE
REMOVE
WARNING

FMU-112/FMU-139

PROCUREMENT
($ IN M)

	$	QTY
FY 82	-	-
FY 83	8.3	10,000
FY 84	27.9	25,000
FY 85	94.0	89,000

ELECTRONIC BOMB FUZES
FMU-139 - JOINT SERVICE - NAVY LEAD
FMU -112 AIR FORCE DEVELOPED
BOTH IMPACT/SHORT DELAY FOR GENERAL PURPOSE BOMBS
FY 83 APPROPRIATIONS COMMITTEE LANGUAGE
UNIT COST $1,047 (BOTH)

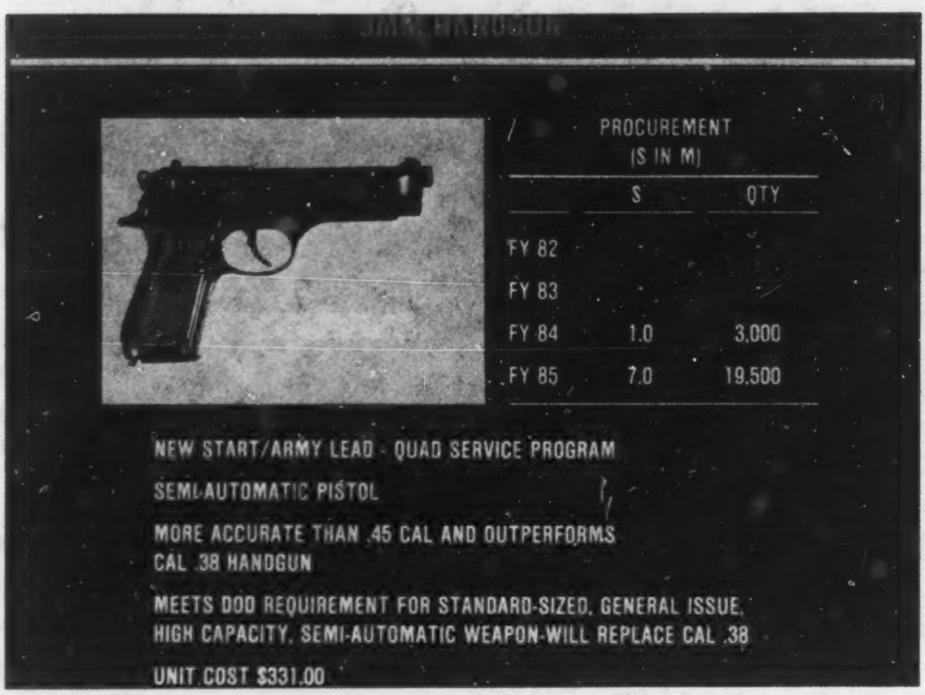
Our fuzes, the FMU-112, FMU-139. The FMU-112 is a fuze as it is in existence in the Air Force today, highly reliable, and the FMU-139 is a standardized DOD fuze that is being developed by the Navy.

The FMU-139 has some production problems right now. As a result, the Air Force has asked permission to go ahead and expend our authorized funds on the FMU-112 which is a totally suitable fuze, high reliability. It meets all the requirements of the U.S. Air Force.

But, as I said, it is not a standardized fuze and we certainly support the concept of standardization in munitions between all the services. We would like to buy the FMU-139 when it is available.

We do have a shortage in the Air Force. It is vitally important that we buy the 25,000 to take care of at least a portion of that shortage. When I said "fuze shortage," I mean of highly reliable fuzes. We have plenty of fuzes but the reliability of some of our older fuzes is around 40 to 60 percent, and these fuzes are around 85 to 90 percent. So, it is a very necessary system.

Also, some of our slower flying airplanes, the A-10, do not have a suitable fuze and this fits that requirement.



9MM HANDGUN

	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	-	-
FY 83	-	-
FY 84	1.0	3,000
FY 85	7.0	19,500

NEW START/ARMY LEAD - QUAD SERVICE PROGRAM

SEMI-AUTOMATIC PISTOL

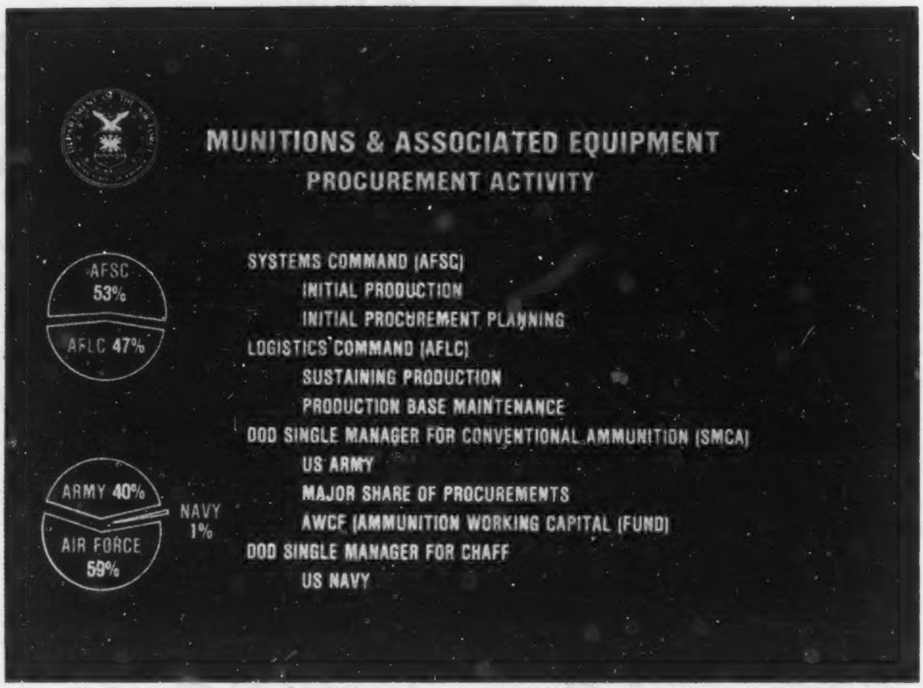
MORE ACCURATE THAN .45 CAL AND OUTPERFORMS CAL .38 HANDGUN

MEETS DOD REQUIREMENT FOR STANDARD-SIZED, GENERAL ISSUE, HIGH CAPACITY, SEMI-AUTOMATIC WEAPON-WILL REPLACE CAL .38

UNIT COST $331.00

Just a small buy, it is a 9-mm handgun, just $1 million for 3,000 of this weapon. This is the standardized weapon that is going to be used between all services and this is the first procurement that is going to be for our security forces.

It is a very effective weapon over what the Air Force has been using. It has more rounds, high muzzle velocity, and is a more effective, more lethal weapon.



MUNITIONS & ASSOCIATED EQUIPMENT
PROCUREMENT ACTIVITY

AFSC 53%
AFLC 47%

SYSTEMS COMMAND (AFSC)
  INITIAL PRODUCTION
  INITIAL PROCUREMENT PLANNING
LOGISTICS COMMAND (AFLC)
  SUSTAINING PRODUCTION
  PRODUCTION BASE MAINTENANCE
DOD SINGLE MANAGER FOR CONVENTIONAL AMMUNITION (SMCA)
  US ARMY
  MAJOR SHARE OF PROCUREMENTS
  AWCF (AMMUNITION WORKING CAPITAL (FUND)
DOD SINGLE MANAGER FOR CHAFF
  US NAVY

ARMY 40%
NAVY 1%
AIR FORCE 59%

This shows where the Air Force and, first of all, how it procures. We procure through two of our major commands. Our Air Force Systems Command procures all of our new munitions, and that is under the concept that the munition must be tied to the airplane and should go through a very strict development stage. Our Development Command, which is Systems Command, takes care of all the procurement requirements for the initial buy of munitions.

After that time, it is passed on to our Logistics Command and they take care of all the sustaining procurement. Also, once a munition has matured, it is passed on then at the same time to the Army Central Munitions Procurement Agency and they handle the DOD-wide procurement of munitions. [Chart deleted.]

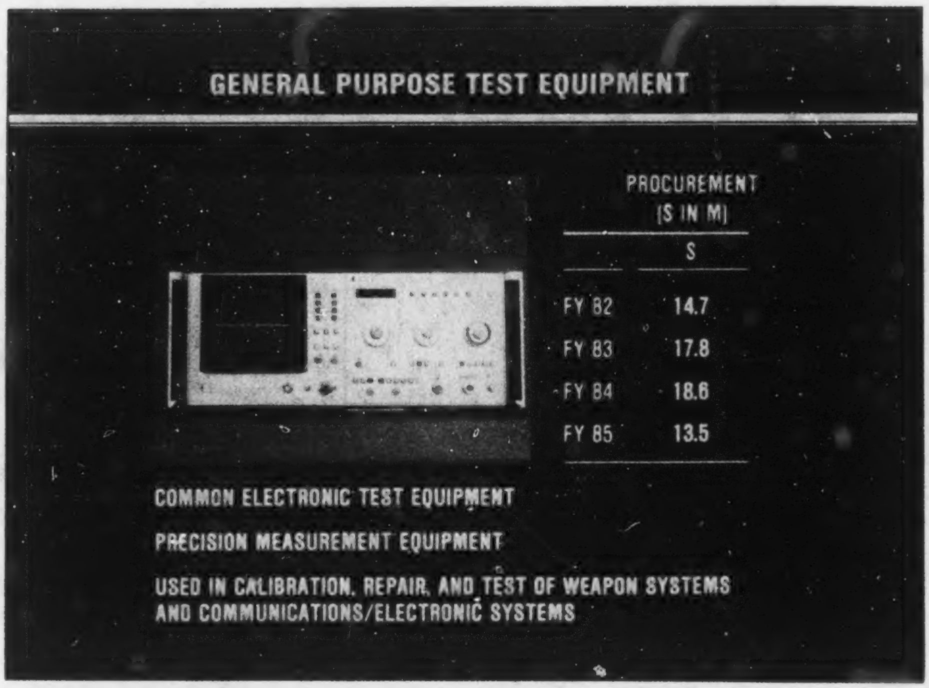
Next, sir, I would like to go into the other base maintenance and support equipment, a very large program, $4.2 billion.

However, the largest part of it is classified and has special access requirements to which I am not authorized even myself. That program is managed by another office, but I will be briefing you on this particular area down here.

Senator HUMPHREY. I have a printed copy.

General HANSEN. All right. It is about $500 million, a $457 million program to be exact. It is broken out into six categories that you see here.

I will briefly describe some of the equipment that is in each of those categories.



GENERAL PURPOSE TEST EQUIPMENT

	PROCUREMENT ($ IN M)
	$
FY 82	14.7
FY 83	17.8
FY 84	18.6
FY 85	13.5

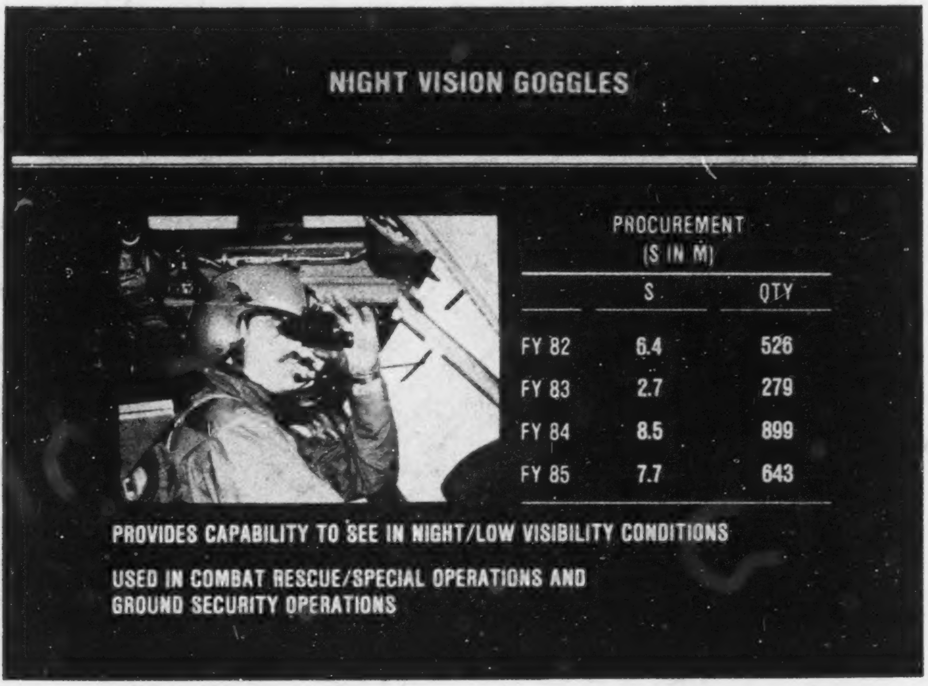
COMMON ELECTRONIC TEST EQUIPMENT

PRECISION MEASUREMENT EQUIPMENT

USED IN CALIBRATION, REPAIR, AND TEST OF WEAPON SYSTEMS AND COMMUNICATIONS/ELECTRONIC SYSTEMS

This is test equipment. In fiscal year 1984, $18.6 million is for generalized test equipment that is used on a standard Air Force base in our precision measuring laboratories and in our maintenance shops. It is the standardized equipment, common type of equipment, that is not related to any specific type of weapon system at all—signal generators, things of that nature.

For the most part, we have not bought any of this equipment in required quantities for quite some time. We are having large outages on it and also we are expecting our maintenance requirements to almost equal the equipment itself. So, it is time that we start replacing this equipment. It is in our interest to do that.



NIGHT VISION GOGGLES

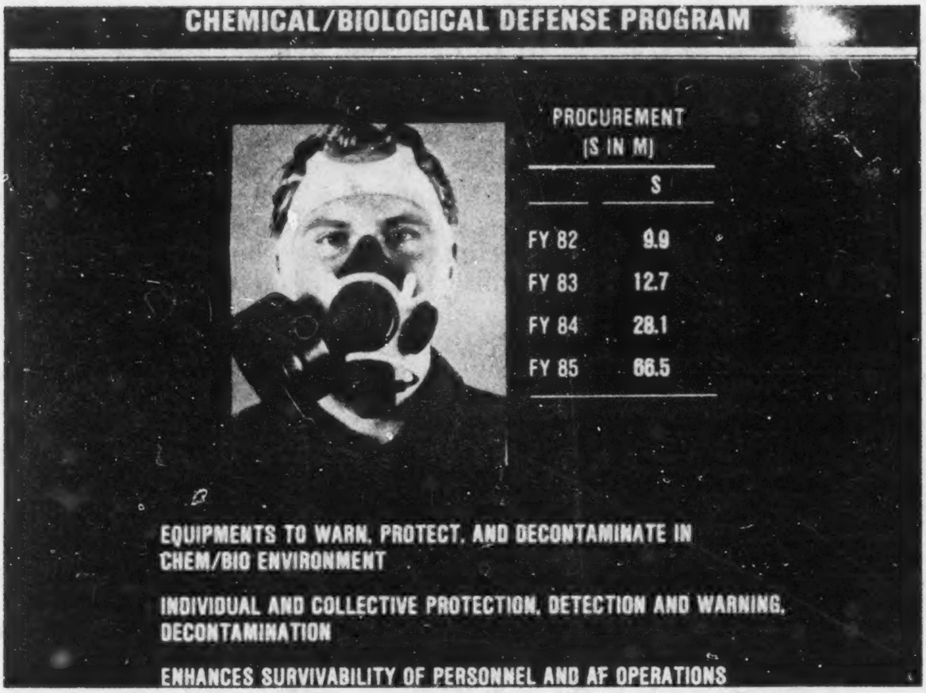
	PROCUREMENT ($ IN M)	
	$	QTY
FY 82	6.4	526
FY 83	2.7	279
FY 84	8.5	899
FY 85	7.7	643

PROVIDES CAPABILITY TO SEE IN NIGHT/LOW VISIBILITY CONDITIONS

USED IN COMBAT RESCUE/SPECIAL OPERATIONS AND GROUND SECURITY OPERATIONS

This particular area is rescue and personnel safety. Represented in this are things like the night vision goggles that our rescue pilots and crews use, and also such things as life preservers, life vests, personal safety-type equipment.

Of course, the night vision goggles are becoming very effective and we have found great use for them during night rescue operations. As you can see, we request a buy of 899 of those.



CHEMICAL/BIOLOGICAL DEFENSE PROGRAM

PROCUREMENT ($ IN M)	$
FY 82	9.9
FY 83	12.7
FY 84	28.1
FY 85	66.5

EQUIPMENTS TO WARN, PROTECT, AND DECONTAMINATE IN CHEM/BIO ENVIRONMENT

INDIVIDUAL AND COLLECTIVE PROTECTION, DETECTION AND WARNING, DECONTAMINATION

ENHANCES SURVIVABILITY OF PERSONNEL AND AF OPERATIONS

Chem/bio is a very important program to the U.S. Air Force, especially when you consider the threat that the Soviet Union has mounted against us. Most assuredly the newspaper articles on Afghanistan on the very large usage of chem/bio agents there points out the importance of this to the Air Force.

Unfortunately, we have had a difficult time arriving at where we want to be. We are certainly behind the state of the art of the Soviet Union, we know for sure. We have had a vast amount of problems with our equipment as we started out with the earlier versions.

As a matter of fact, this is a new mask that was just developed, the XM-30 mask, and it replaces the mask that was developed in the early 1960's. I have personally been involved with trying to don that mask, change the filters on the old one, and put the suits on. It is a very difficult task to do in peacetime. If you are a little hyper in a wartime environment, I think it would be very difficult to do.

Senator HUMPHREY. What are we doing about that?

General HANSEN. We are modernizing the equipment as we go along.

Senator HUMPHREY. But why do we procure things that are so unsatisfactory?

General HANSEN. I think it is the urgency of the time, sir. We know that the threat is there. We were caught a little bit unprepared by the threat of chem/bio warfare of the Soviet Union. All of a sudden the realization came on.

As a matter of fact, I would say it was only within the last 5 or 6 years that we have made the concerted effort that we have to train our aircrews and our groundcrews, and now during our operational readiness inspections we actually expect our crews and our maintenance people to perform in this environment. Of course, we are learning more as we go along.

So, there is no doubt about the threat. It is the urgency of getting on with it. Perhaps we did not move out too fast.

Senator HUMPHREY. Well, how do you rate the equipment that we are now procuring, can it be done quickly? Can you change the filters? Can you operate in a reasonable fashion?

General HANSEN. Yes, sir. This mask is the best improvement. I know that there is another mask that is under development right now. Whether it will be successful or not, I am not sure.

This buy does meet all of the requirements of the Air Force. We have a requirement for 575,000 sets of this equipment for our combatants. The emphasis is placed on our combatants in Europe and PACOM. Now, some of the equipment is awfully difficult to operate in hot weather.

Senator HUMPHREY. Such as what, and are we doing something about it?

General HANSEN. The suits, sir, are self-contained, plastic-type materials. You do put a cotton set of long underwear underneath it. But on a day like today I would not give you much without the cooling vest, not much more than about an hour's worth of work.

Senator HUMPHREY. What are we doing about that?

General HANSEN. I had another slide that showed four different types of equipment. Well, we have cooling vests. We developed a cooling vest that circulates cooling fluid through the suit and also through the head area. That is a marked improvement to the current suit.

Senator HUMPHREY. How does that function? It just circulates air?

General HANSEN. It circulates the cooling fluid. It is a fluid in a backpack that fits onto the vest. It is just strapped on like a Boy Scout knapsack. It works very effectively, it works well.

Senator HUMPHREY. It sounds expensive.

General HANSEN. Yes, sir, $2,000 per vest.

Senator HUMPHREY. You are not planning to have one for every suit, are you?

General HANSEN. What is the procurement objective on that, do we have that on the cooling vests?

It is 165,000. I am sure as we go along we will be requiring more of those, especially for our maintenance people.

Now, if you are in a cold climate that would not be necessary, but if you are in Washington, D.C., on a day like today, you certainly would need it because it is too hot to operate with it.

Senator HUMPHREY. Before we go on, apart from chem/bio, do we have Soviet equipment specimens?

General HANSEN. I am not sure, sir. I would have to provide that.

Senator HUMPHREY. Well, you made the statement that the Soviet equipment is much better than ours. What is the basis of that statement?

General HANSEN. I have had a classified briefing from defense intelligence. I do have a copy of that. When we go into closed session I could read some excerpts from that.

Senator **Humphrey**. Why do we not copy their technology? They do ours all the time. If they are ahead of us, why do we not copy them?

General **Hansen**. I am sure that part of this has come from them, sir. I can provide a little bit more on that later.

Senator **Humphrey**. What percentage of requirement are you going to have after your 1984 buy? Do you have figures on that?

General **Hansen**. Yes, sir, I do. We buy for two categories of people, aircrews and groundcrews. It is split based on the percentage of airplanes, the requirement of sorties, and the number of people. We basically will have, when we receive delivery of our 1982 first generation buy that is out now, for our aircrews almost all of the requirement.

Senator **Humphrey**. As a result of the 1982 buy almost all for aircrews?

General **Hansen**. Yes, sir. Now, that includes much of the older type equipment. What I am saying is that aircrew members will have something to wear. Whether it is the more modern or the older, I do not have those figures.

It is a very similar type percentage for our groundcrew members. Our groundcrew members require three suits. The reason for that is getting in and out of the chemical area. They need to be decontaminated each time.

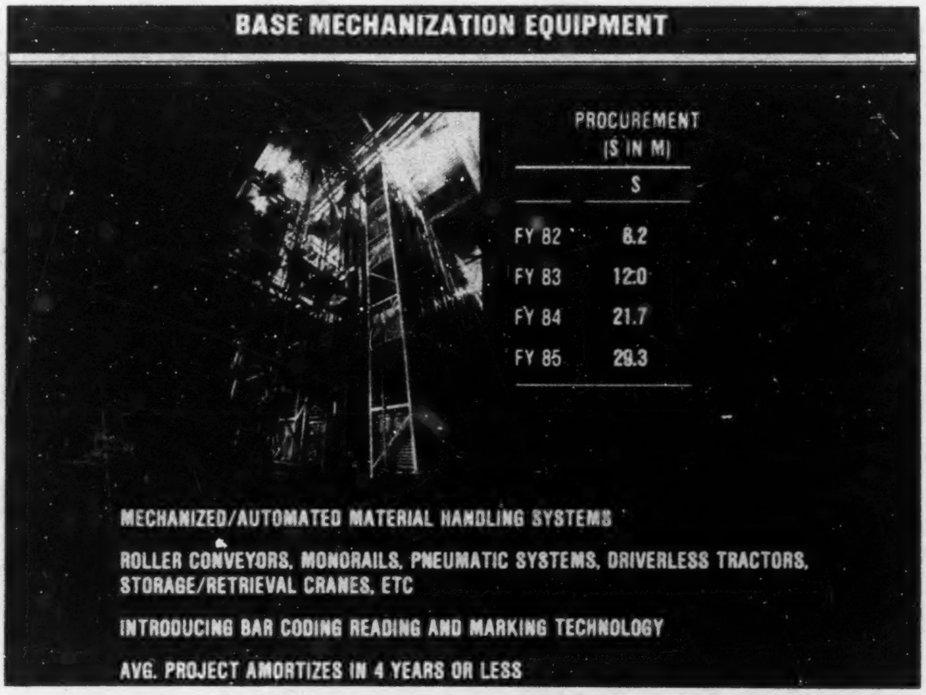
Senator **Humphrey**. How high a priority is this equipment in your budget?

General **Hansen**. It has been very high. There has been a tremendous amount of concern by the General Officer Steering groups because of the magnitude of the threat. It has been a frustrating program because the threat is there, we know the requirement is there, and we have been having difficulty in the development of the program since 1980.

Senator **Humphrey**. Will this equipment be effective against yellow rain?

General **Hansen**. Yes, sir, most assuredly. Yes, sir.

Senator **Humphrey**. All right, thank you.



BASE MECHANIZATION EQUIPMENT

	PROCUREMENT ($ IN M)
	$
FY 82	8.2
FY 83	12.0
FY 84	21.7
FY 85	29.3

MECHANIZED/AUTOMATED MATERIAL HANDLING SYSTEMS

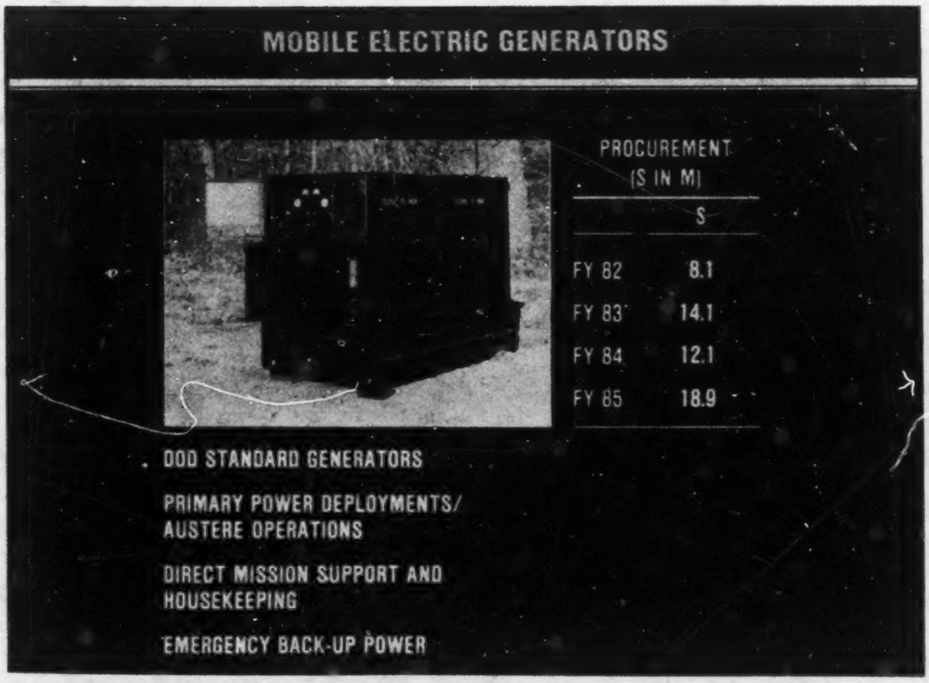
ROLLER CONVEYORS, MONORAILS, PNEUMATIC SYSTEMS, DRIVERLESS TRACTORS, STORAGE/RETRIEVAL CRANES, ETC

INTRODUCING BAR CODING READING AND MARKING TECHNOLOGY

AVG. PROJECT AMORTIZES IN 4 YEARS OR LESS

General HANSEN. Our base mechanization is an attempt to increase our productivity and enhance the effectiveness of our depots. We have gone through somewhat of a modernization program.

This particular set of equipment that you see is located in our depot at San Antonio, Kelly Air Force Base. It is a storage and retrieval system for jet engine spare parts. It has proven to be very effective. Most of these programs amortize themselves very quickly—in 4 years or less—and are very cost-effective programs.



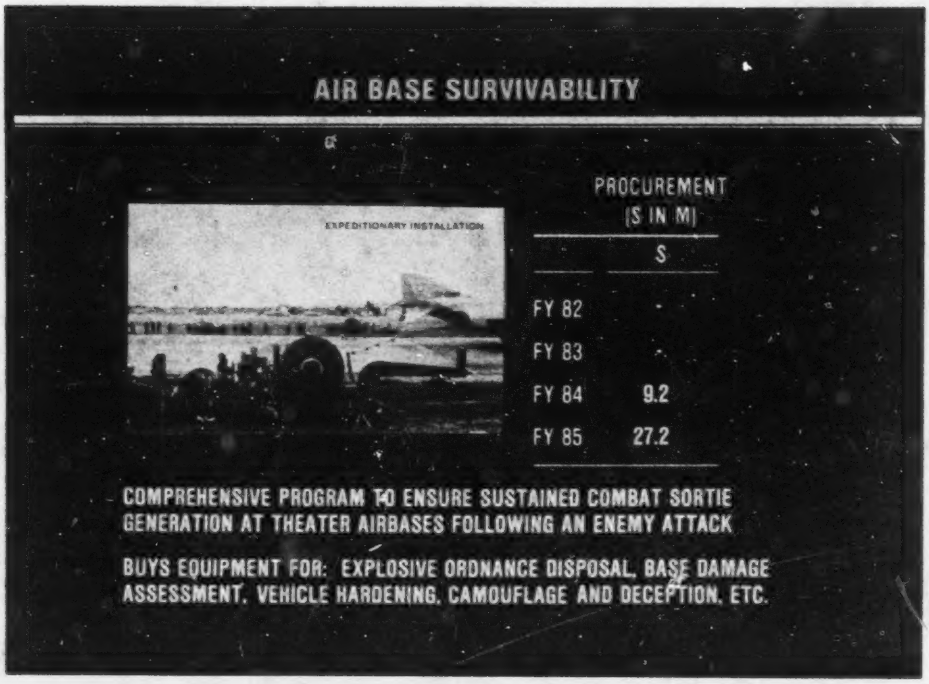
MOBILE ELECTRIC GENERATORS

PROCUREMENT ($ IN M)	$
FY 82	8.1
FY 83	14.1
FY 84	12.1
FY 85	18.9

- DOD STANDARD GENERATORS
- PRIMARY POWER DEPLOYMENTS/ AUSTERE OPERATIONS
- DIRECT MISSION SUPPORT AND HOUSEKEEPING
- EMERGENCY BACK-UP POWER

Mobile generators. We have a requirement to have stand-by electrical equipment and work facilities at our command posts, our runway lighting facilities, our aircraft recovery systems. For the most part, those have not been replaced for several years. They are old, expensive to maintain.

We do have a rather aggressive program now to go ahead and buy some new generators to replace the old ones that we have.



AIR BASE SURVIVABILITY

EXPEDITIONARY INSTALLATION

PROCUREMENT ($ IN M)	$
FY 82	-
FY 83	-
FY 84	9.2
FY 85	27.2

- COMPREHENSIVE PROGRAM TO ENSURE SUSTAINED COMBAT SORTIE GENERATION AT THEATER AIRBASES FOLLOWING AN ENEMY ATTACK
- BUYS EQUIPMENT FOR: EXPLOSIVE ORDNANCE DISPOSAL, BASE DAMAGE ASSESSMENT, VEHICLE HARDENING, CAMOUFLAGE AND DECEPTION, ETC.

Air base survivability, a new start in 1984. However, an old program that has really been put under a new umbrella that is called "Air Base Survivability." It has a wide range of application to it.

The basic concept is to disrupt an attack on an airfield with active defenses, minimize damage with passive defense, and then to be able to quickly repair damage so we can recover and launch our airplanes in the shortest period of time. In other words, get our fighters on the ground, go ahead and arm and refuel them, repair the runway or launch them on a taxiway, and get them back in the air again.

That could be located on a taxiway or an undamaged portion of the runway, or even a stabilized surface where we can recover our airplanes.

ABS also has equipment, EOD equipment, that will remove unspent munitions, CBU's, things of that nature to clear the ramp to park vehicles and essential type of equipment.

That is the magnitude of what we are buying in 1984. Now, as you go into the out-years there are other items that are included in it. We plan to tone down our airfields, camouflage them.

The Israelis, as a matter of fact, learned some of the lessons, I guess, more than likely in Damascus in airfield concealment and deception at their bases. We are really going to school on the lessons that they have learned and the things they are doing.

A lot of this program is modeled after camouflage and deception. We are talking about decoys and things of that nature that we have never been into, although the other countries have been.

In addition to that, in the out-years we are looking at an increase in our security police force and going beyond the perimeters of our airbases to protect our resources as much as 5 km out beyond the perimeter of the airbase, which is a new thing with the Air Force. We had always thought that our defense starts at the fence line, but with today's weaponry that is too late.

So, we are moving out now and trying to sanitize those areas that are within about 5 miles of our bases.

Senator **HUMPHREY**. Will you go into that further, please, how are you doing that?

General **HANSEN**. Well, for the last 4, 5 years we have been developing airbase defense teams. They are 44-man teams. They come today from within existing manpower. We take our security police forces that are normally used to guard our bases and to maintain the law enforcement on our bases. We give them double duty, so to speak, in airbase defense.

It actually requires that they go through a very vigorous training program at several of our major commands and develop simulated airbase defense areas. They learn how to ward off attacks, we have aggressors. They learn how to use the munitions that they would be using, mortars and things of that nature. It has been very effective. They are very enthusiastic.

We thought for a while it might hurt the morale. However, the troops took it on, but we have reached the limit of that and now we must expand. We are looking to expand teams through the use of the Air National Guard forces in bringing them into the training requirements. That costs additional money, to provide the training requirements, the munition, and the weapons.

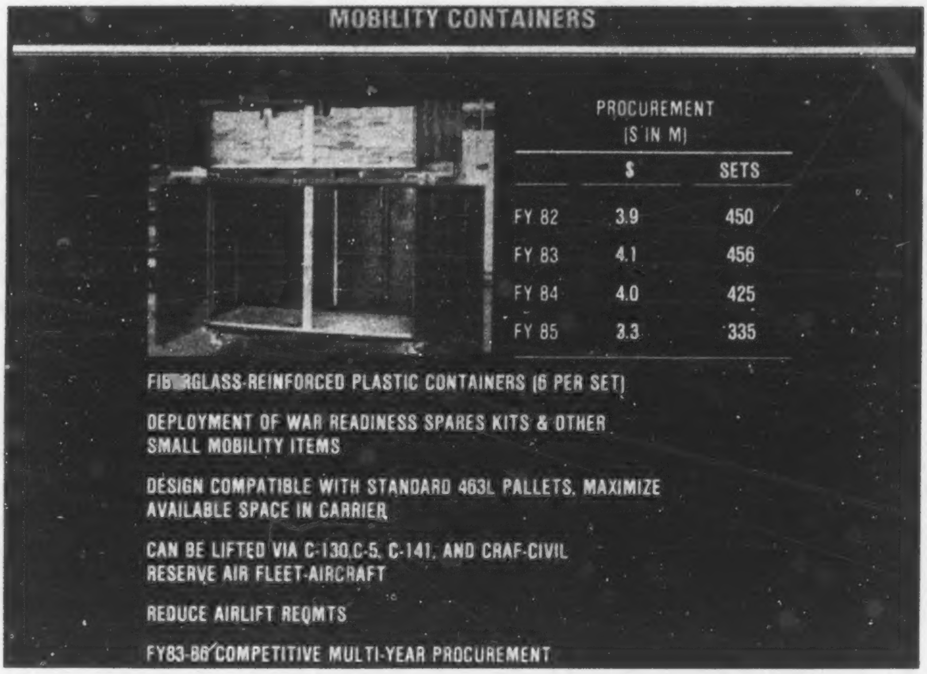
In addition to that, we would like to expand our air base defense with a few flights overseas, but that is in the out-years, that is in 1987 or so.

Senator **HUMPHREY**. Thank you.

General **HANSEN**. We have some different types of weapons. We have the problem also with the deployment of the GLCM's, there are defense requirements with that; although that is not part of this hearing.

As a matter of fact, if our model scenarios are correct there is a very large payoff. As a matter of fact, in the first hours we will significantly increase our war fighting capability at a particular base.

Once again, it is a computer-type simulation. But even if we got half of that it would be well worth the effort.



MOBILITY CONTAINERS

PROCUREMENT
($ IN M)

	$	SETS
FY 82	3.9	450
FY 83	4.1	456
FY 84	4.0	425
FY 85	3.3	335

FIBERGLASS-REINFORCED PLASTIC CONTAINERS (6 PER SET)

DEPLOYMENT OF WAR READINESS SPARES KITS & OTHER SMALL MOBILITY ITEMS

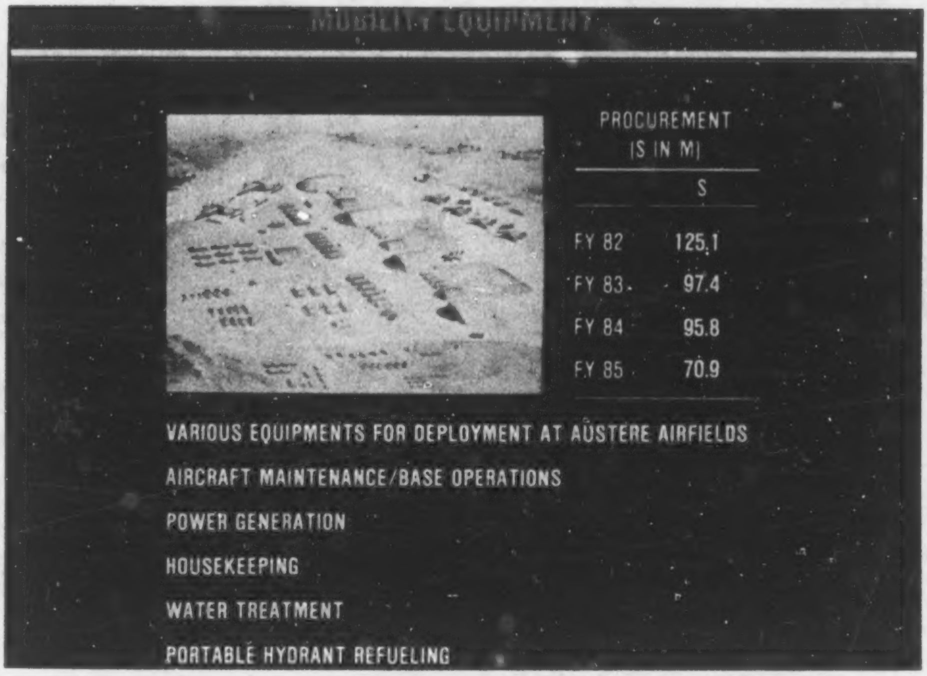
DESIGN COMPATIBLE WITH STANDARD 463L PALLETS, MAXIMIZE AVAILABLE SPACE IN CARRIER

CAN BE LIFTED VIA C-130,C-5, C-141, AND CRAF-CIVIL RESERVE AIR FLEET-AIRCRAFT

REDUCE AIRLIFT REQMTS

FY83-86 COMPETITIVE MULTI-YEAR PROCUREMENT

This is a small program; it is a standardized container that we will use for shipping. But the impact of this is, we are going to be able to reduce our airlift requirements. By going to a standardized airlift-type container equipment we will under some scenarios save as much as two hundred C–141 loads. With the shortage of airlift that we are faced with, this has been a low-cost, highly effective program.



MOBILITY EQUIPMENT

	PROCUREMENT ($ IN M)
	$
FY 82	125.1
FY 83	97.4
FY 84	95.8
FY 85	70.9

VARIOUS EQUIPMENTS FOR DEPLOYMENT AT AUSTERE AIRFIELDS

AIRCRAFT MAINTENANCE/BASE OPERATIONS

POWER GENERATION

HOUSEKEEPING

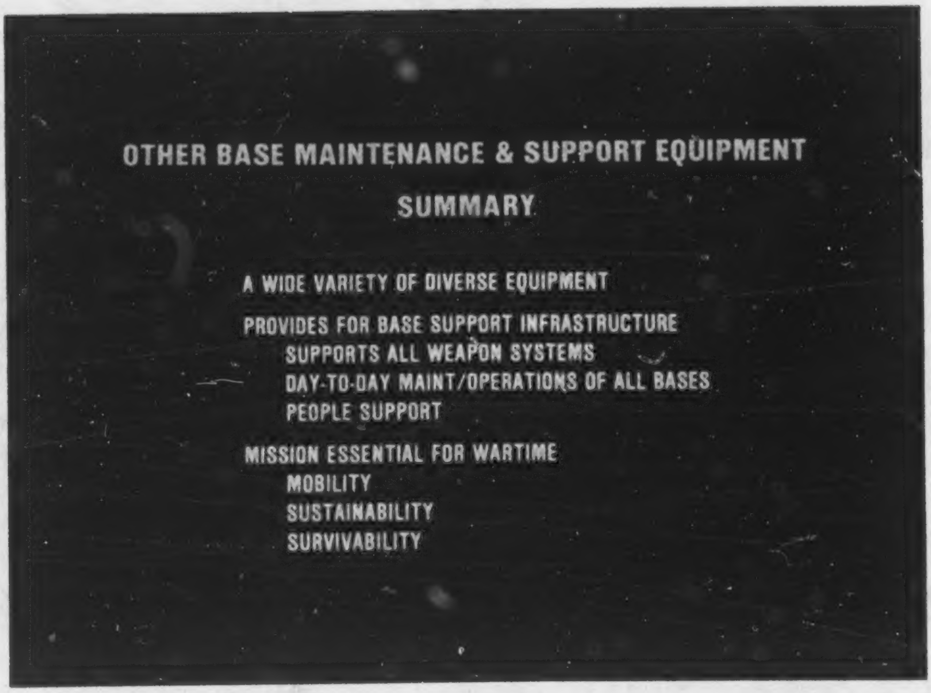
WATER TREATMENT

PORTABLE HYDRANT REFUELING

Mobility equipment. In order to project our forces on a worldwide basis, mainly into Southwest Asia into an area where there are no fixed facilities or limited fixed facilities, we can deploy and set up an operation only having a runway and a source of potable water.

We do that by having mobility sets. Our goal in this particular area is to accommodate people at bare and austere locations in the Southwest Asian scenario.

Basically these are tents and support-type facilities, although there are some large hangars that you can see here and shop areas. It is primarily tents and portable hard-wall-type facilities located there. It also has water treatment equipment and those things to set up a base operation.

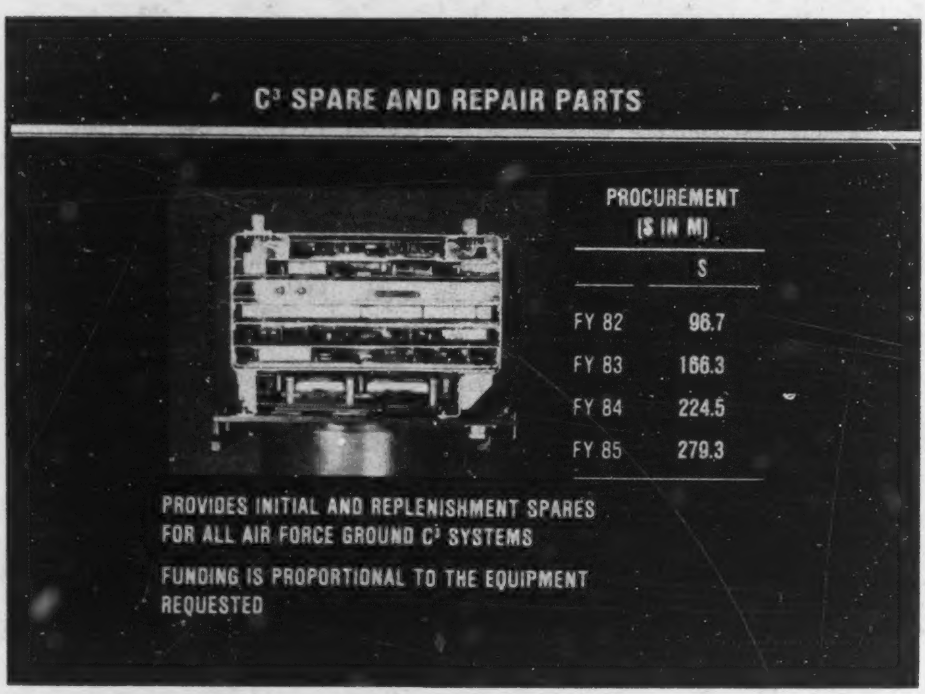


OTHER BASE MAINTENANCE & SUPPORT EQUIPMENT

SUMMARY

- A WIDE VARIETY OF DIVERSE EQUIPMENT
- PROVIDES FOR BASE SUPPORT INFRASTRUCTURE
  - SUPPORTS ALL WEAPON SYSTEMS
  - DAY-TO-DAY MAINT/OPERATIONS OF ALL BASES
  - PEOPLE SUPPORT
- MISSION ESSENTIAL FOR WARTIME
  - MOBILITY
  - SUSTAINABILITY
  - SURVIVABILITY

In summary, sir, that is the program of our other base support equipment. You can see it is a diversified program and it has a lot of highly essential programs.



C^3 SPARE AND REPAIR PARTS

PROCUREMENT ($ IN M)

	$
FY 82	96.7
FY 83	166.3
FY 84	224.5
FY 85	279.3

PROVIDES INITIAL AND REPLENISHMENT SPARES FOR ALL AIR FORCE GROUND C^3 SYSTEMS

FUNDING IS PROPORTIONAL TO THE EQUIPMENT REQUESTED

I just have a quick summary slide on our C^3 spares. We are asked to present our program showing where we stand with our electronics communications spares.

As you can see, from 1982 to 1985 it has gone up almost threefold. This is the result of, first of all, a backlog that has been allowed to accrue but, more importantly, it shows a modernization program that has been ongoing in the Air Force over the last few years.

This represents both initial spares and replenishment spares that are necessary to keep that equipment going.

Sir, that completes my overview of the areas that we have been asked to talk about today—munitions, other base maintenance, and C^3 spares.

I do have some additional information that I will be ready to present when we go into closed session.

Thank you, sir.

[The prepared statement of Brig. Gen. Alfred G. Hansen follows:]

Prepared Statement of Brig. Gen. Alfred G. Hansen, Director, Logistics Plans and Programs, Deputy Chief of Staff/Logistics and Engineering, Headquarters, U.S. Air Force

Mr. Chairman and members of the committee, I am pleased to be here to present portions of the fiscal year 1984 Other Procurement, Air Force (OPAF) request dealing with Preparedness. Today, I will be addressing Munitions and Associated Equipment, Other Base Maintenance and Support Equipment and Spares and Repair Parts for Electronics and Telecommunications Equipment. These programs total $1.9 billion and represent 25 percent of the OPAF Appropriation which also includes Vehicular Equipment and Command, Control, Communications and Intelligence (C^3I) and classified projects. Classified projects are included in the Other Base Maintenance and Support Equipment budget activity and represent nearly 50 percent of the $7.6 billion OPAF request for fiscal year 1984. Of the remaining $2.0 billion, $334 Million is for Vehicular Equipment and $1.7 is for the C^3I portion of Electronics and Telecommunications Equipment.

I will discuss Munitions and Associated Equipment first followed by Other Base Maintenance and Support Equipment and Electronics and Telecommunications Spares and Repair Parts.

MUNITIONS AND ASSOCIATED EQUIPMENT

The Air Force Munitions and Associated Equipment Program includes all munitions and related equipment except for guided missiles. The program encompasses rockets; small arms and aircraft cannon ammunition; bomb ejection and engine starter cartridges; nuclear bomb support equipment; guided and unguided general purpose bombs; antiarmor, anti-material, and anti-personnel cluster munitions; air delivered mines; chemical munitions; explosively ejected chaff, infrared countermeasures and illumination flares; aircraft tow targets; bomb and dispenser fuzes; machine guns and grenade launchers; several types of demolition explosives; and the related specialized test, handling equipment. These items range from small arms ammunition costing pennies a round to complex remotely guided bombs costing over $200,000 each.

The majority of the munitions being requested are for building our war reserve materiel (WRM) stocks. The remainder are for peacetime training of air and ground crews. Over 90 percent of the training munitions funding is for aircrew training items to acquire and maintain combat readiness.

This year's request continues the initiatives begun two years ago in the fiscal year 1981 Supplemental and fiscal year 1982 Amended Budgets to redress the readiness and sustainability shortfalls that existed. As defined by the Secretary of the Air Force and the Chief of Staff in their posture statements redressing these shortfalls is the second most important priority of the Department of the Air Force.

The requests for training munitions provide for full funding of the aircrew training programs without recourse to drawing from WRM stocks. The increases from last year's levels of procurement reflect the increased tempo of aircrew training programs programmed for Fiscal Years 1985 and 1986 when these items will be delivered.

The requests for WRM stocks are required to meet WRM procurement objectives and the maintenance of production lines as required by the Defense Guidance.

Our fiscal year 1984 request of $1,191.9 million is $411.4 million more than last year's appropriated budget. This increase is due primarily to the increased production levels of CBU-87, CBU-89, and the low level laser guided bomb as indicated in last year's testimony. As these new systems transition into full rate production, funding requirements will rise to even higher levels in future years.

The Munitions and Associated Equipment program is divided into seven major categories:

MUNITIONS AND ASSOCIATED EQUIPMENT

[Dollars in millions]

	Fiscal year		
	1983	1984	1985
Rockets and launchers	$2.3	$3.7	$2.4
Cartridges	228.0	291.8	380.2
Bombs	397.9	757.9	1,388.3
Targets	8.4	.1	.7
Other items	101.3	82.8	114.6
Fuzes	37.3	45.3	95.8
Other weapons	5.4	10.5	14.7
Total	[1]780.5	[1]1,191.9	[1]1,996.8

[1] Totals do not add due to rounding.

I will now discuss each of the seven categories in more detail:

ROCKETS AND LAUNCHERS

The funds requested in this category are for 2.75 inch rocket warheads and meteorological probes. All individual procurements in this category are less than $900,000 each.

CARTRIDGES

The cartridge category is comprised of small arms and aircraft cannon ammunition, grenade cartridges, explosively dispensed chaff cartridges, smoke cartridges, and stores ejection cartridges for aircraft pylons and bomb racks.

Small arms ammunition.—The requests for small arms ammunition include 7.62mm blank ammunition for security police training and 5.56mm ammunition for M16 rifle training. The 7.62mm blank ammunition is used in M60 machine guns to provide realistic combat training for security force personnel during their initial training and in annual exercises to maintain their proficiency. The 5.56mm ammunition is used to initially train and annually requalify security forces with their primary weapon.

Aircraft cannon ammunition.—Funds to buy aircraft cannon ammunition in 20mm, 30mm, and 40mm sizes are being requested for both aircrew training and to meet WRM requirements. The 20mm training ammunition is used in F-4, F-5, F-15, F-16, A-7, AC-130, and B-52 aircraft. The 30mm training and high explosive incendiary ammunition is required for A-10 and GPU-5/A Gun Pod training while 30mm high explosive incendiary and armor piercing incendiary is needed for war reserve stockpiles to support the A-10 aircraft and GPU-5/A Gun Pod. Forty millimeter high explosive incendiary ammunition is requested to support AC-130 gunship training and war reserve requirements.

Grenade cartridges.—Training grenade cartridges (40mm) are required for qualification and recurring training of security force personnel who man grenade launchers in base defense and ground launched cruise missile flight security roles. Grenade cartridges for the Mk 19 grenade machine gun and the M203 grenade launcher are requested. Forty millimeter high explosive grenade ammunition is also required for training and to build our wartime stocks.

Chaff cartridges.—The request for RR-136 and RR-170 chaff cartridges is required to build WRM stocks and a small procurement of RR-170 for peacetime training. The RR-136 cartridge is used in the RF-4C aircraft and the RR-170 is used in the A-7, A-10, AC-130, F-4, F-15, F-16, HH-3, HH-53, and MC-130 aircraft to counter radar directed threats.

Smoke signals.—Mk 4 Mod 3 smoke cartridge are small signals used in BDU-33 and Mk 106 practice bombs to mark the impact point during training missions. The Mk 4 Mod 3 cartridge is used for the majority of practice bomb drops where range fire danger is minimal. The remainder of the smoke charge requirements are satisfied by CXU-3 cartridges procured in previous years.

Engine starter cartridges.—The MXU-4 A/A engine starter cartridges provide engine start capabilities for the B-52, F-105, F-106, F-4, F-111, and KC-135 aircraft when ground power units are unavailable or during alert launchers. The requested funds will provide for peacetime training and operations. WRM requirements have been filled through previous year's requests. Requested procurements have been adjusted to compensate for reduced requirements for KC-135s due to the reengining program.

Impulse cartridges.—CCU-43/B and CCU-44/B impulse cartridges are used to eject bombs from bomb racks and to jettison external fuel tanks in emergencies. The CCU-43/B and CCU-44/B cartridges are replacing the ARD 446 and ARD 863 cartridges. The smaller CCU-44/B cartridge is used for lightweight external stores drops at low airspeeds, while the CCU-43/B is used for heavy weight stores and high speed aircraft. These cartridges will be used to replace WRM stocks of older ARD 446 and ARD 863 cartridges which will be used for peacetime training.

BOMBS

Bombs, which is the largest category, includes general purpose bombs; anti-armor, anti-material, and anti-personnel cluster bombs; air delivered mines; guided bomb kits; practice bombs; chemical bombs; and associated components such as bomb fins and lugs.

Mk 82 and Mk 84 empty bombs.—This year's budget request includes funds for Mk 82 and Mk 84 empty bombs for aircrew training. These bombs will be filled with concrete to simulate the weight of an explosive weapon and are used to insure aircrews are familiar with the response of their aircraft during actual weapons delivery. They also provide inert bomb bodies for training launches of laser guided bomb kits. Currently, these bombs are filled at the using base to save transportation charges; however, the increased statutory load limits on interstate trucking may have offset these savings, and the cost effectiveness of having these bombs filled at Army Ammunition Plants is being studied.

Airfield attack weapon.—After testing several foreign weapons for use in the airfield attack role, the French developed Durandal munition was determined to be the best available foreign runway cratering munition. This year's request is for limited procurement of 788 units of this interim airfield attack weapon. It is a rocket boosted bomb that can be dropped at low altitude and high speed from F-4 and F-111 aircraft. The weapon has been tested by drops from both aircraft. The weapons uses a small parachute to orient the nose of the weapon downward immediately after launch. After the weapon is oriented downward, the rocket motor is fired accelerating the explosive charge to a high velocity to penetrate concrete runways. After passing through the runway, the explosive charge is fired which craters the runway. Due to the small fiscal year 1984 procurement, the Durandal weapon will be purchased from the French manufacturer Matra. We are exploring the possibility of license production with representatives of Matra for any future procurements.

Air inflatable retarders.—The BSU-49 and BSU-50 air inflatable retarders are used to convert 500 and 2,000 pound general purpose bombs to a high drag configuration. These high drag general purpose bombs can be used at low altitudes and at high speeds. The BSU-49 fin is a replacement for the Mk 15 fin for 500 pound bombs, while the BSU-50 fin is for the 2,000 pound bomb. This year's request is to provide an incremental buildup of WRM stocks and to replace WRM stocks of less effective Mk 15 fins which will be consumed in peacetime training or sold via foreign military sales.

Laser guided bomb kits.—Our request for 10,000 laser guided bomb kits consists of the improved laser guided bomb kits that incorporate new design seeker and guidance modules. The improved design allows lower altitude release of the weapon and provides for increased range and accuracy. This redesign extends the original weapon's accuracy for low altitude releases and during poor weather conditions.

GBU-15.—This year's request for 250 television guided GBU-15 weapons is to provide for a further increment buildup to our WRM stock of this highly capable precision stand-off weapon. The GBU-15 is the most capable guided bomb available today. It provides the ability to either acquire the target before or after launch providing unparalleled targeting flexibility. The TV data link, incorporated in the weapon system, allows the aircrew to acquire the target after launch and to update the designated target after release prior to impact. The GBU-15 will be used to attack the most heavily defended high priority targets where other weapons would require tactics that would expose the delivery aircraft to high attrition.

Practice bombs.—The BDU-33 and Mk 106 practice bombs are used as low cost simulators for general purpose bombs and nuclear weapons. These small practice bombs simulate the ballistics of the full-scale weapons at a fraction of their cost. They can be used on smaller ranges closer to our airfields reducing training costs while providing accurate simulations for assessing aircrew delivery performance and tactics.

Gator mines.—This year's request provides for a low rate production of 3,000 of the CBU-89 version of the Gator mine system. The Gator mines are members of the Family of Scatterable Mines (FASCAM) developed by the Army for use against armor columns. The Gator air delivered mines complement the Army's artillery delivered and mechanically implaced versions. The CBU-89 is a 750 pound tactical munitions dispenser filled with both anti-tank and anti-personnel mines that produce an air delivered minefield capable of channeling, delaying, disorganizing, or destroying armored columns. The anti-personnel mines are scattered among the anti-tank mines to delay mine clearance. The anti-tank mines are capable of penetrating the belly armor of all tanks. The CBU-89 has also been tested as an airbase closure weapon. It takes at least double the time taken for recovery teams to repair cratered runways and can be used in combination with the Durandal to slow enemy sortie production. The CBU-89 has successfully completed initial operational test and evaluation and has been approved for low rate production.

Combined effects munition.—The Combined Effects Munition (CEM) is a 1,000 pound free fall cluster munition consisting of a Tactical Munitions Dispenser filled with 202 Combined Effects Bombs (CEBs). The dispenser spins up, following release from the delivery aircraft, and provides dispersion for the CEBs. The CEB contains a shaped charge for antiarmor effectiveness, a fragmentation case for use against materials or personnel, and a zirconium ring for incendiary effects. Requirements for this munition have increased due to cancellation of CBU-90/B Antiarmor Cluster Munition (ACM). This year's request is for 2,179 units. The Combined Effects Munition has successfully completed initial operational test and evaluation and has been approved for low rate initial production.

Bigeye.—Bigeye is a 500 pound class freefall binary chemical dispenser with external dimensions similar to the Navy Mk 7 (Rockeye) dispenser. Bigeye creates and dispenses a lethal, persistent nerve agent. The agent is created by mixing two relatively nontoxic chemicals just prior to weapon release. One chemical is normally contained in the weapon, the other is shipped and stored separately, greatly increasing transportation and storage safety. Bigeye development and production programs are joint service with the Navy as the lead agency. Production start was delayed due to delayed facilitization based on lower than planned fiscal year 1983 construction funding for production facilities. The fiscal year 1984 program funds for 444 weapons.

OTHER ITEMS

This category includes infrared countermeasures and illumination flares, nuclear weapons trainers and parachutes, explosive chaff packages, spares and repair parts, and modifications of inservice equipment.

Infrared countermeasure flares.—The RR-119, MJU-7/B and M206 infrared countermeasure flares are used to decoy air-to-air heat seeking missiles away from aircraft. Each flare is designed to mask the heat or infrared signature of the associated aircraft long enough to decoy the missile and cause it to follow the flare rather than the aircraft. The MJU-7/B is used by the F-4 and F-16, and the M206 by the A-7 and A-10 aircraft. All these flares fit in the ALE-40 modular chaff/flare dispensers fitted to these aircraft. The RR-119 flares are designed for use in the internal chaff and flare dispensers of the F-111 aircraft. Most countermeasure flares are being procured for WRM stocks, the remainder are for peacetime training.

Illumination flares.—The LUU-4B illumination flare is used by AC-130 and tactical fighter aircraft to provide night time target illumination. This large, parachute retarded flare is being procured this year for peacetime training use.

MC-3468 retard device.—The request for MC-3468 parachute retardation devices for the B-83 weapon system provides parachutes and installation hardware for war reserve weapons and for periodic stockpile sampling. The MC-3468 is a large, high performance parachute designed specifically for the B-83 application. The parachute system incorporates explosive deployment, a reefing action to provide a specifically tailored trajectory and final impact velocity to the bomb. This trajectory allows the weapon to be released at very low altitudes and high speed while providing stable ballistics and low impact velocity.

Spares and repair parts.—The spares and repair parts requested are for an initial stock of spare parts for weapons, specialized test sets, and handling equipment being requested this year and to replenish spare parts stocks for items procured in prior years.

Modifications.—Funds requested for modifications to inservice equipment are primarily required to reduce maintenance costs of older munitions handling equipment by retrofitting more reliable hydraulic systems for over 20 year old systems.

FUZES

The fuze category includes requests for three general purpose and cluster bomb fuzes.

FMU-81.—The FMU-81 fuze request is to provide fuzes for inventory laser guided bombs as well as those laser guided bomb kits being requested this year. These fuzes are required to replace older, less reliable, FMU-26 fuzes that are reaching the end of their useful life and to match procurement of new, additional weapons. The FMU-81 is an impact or short delay electronic fuze that can be used for a general purpose bomb in low drag or guided bomb applications. No outyear procurements are planned since the FMU-112/139 fuzes will be used to meet all future requirements.

FMU-112/139.—The FMU-139 common bomb fuze is a joint service (Navy/Air Force) fuze currently in development. Our fiscal year 1984 request is structured to procure 25,000 FMU-139 fuzes currently scheduled to be available in fiscal year 1984. This 25,000 fuze procurement is a low rate initial production program to prove out the automated production line. If the FMU-139 fuze development is delayed to the point that the planned procurement contract cannot be awarded in fiscal year 1984, the Air Force intends to procure the FMU-112 fuze to meet critical requirements.

Both the FMU-139 and the FMU-112 fuzes meet the same requirements for an impact or short delay electronic bomb fuzing for high and low drag general purpose bombs. The FMU-139 fuze will also meet Navy requirements. The FMU-112 fuze has the advantage of being in production now, and authority to procure this fuze is requested only as a back-up in the event that FMU-139 development should significantly delay that fuze's production. This plan is based on the need to provide a modern fuze for high drag general purpose bombs and guided weapons.

Mk 339 mechanical time fuze.—This fuze is requested to provide a low altitude capability for CBU-52, 58, and 71 weapons already in inventory. The Mk 339 is a mechanical time fuze that opens the dispenser at a preset interval after the weapon is dropped from the aircraft. It is a less expensive and more reliable alternative to the FMU-26 fuze previously used for this application. Procurement of this fuze is required to match inventories of CBU-52, 58, and 71 anti-material/personnel cluster bombs for low altitude deliveries.

OTHER WEAPONS

The other weapons category includes handguns, machine guns, and grenade launchers. The items in this category are the only items in the Air Force Other Procurement Appropriation in prior years that required specific authorization. This year's request reflects the continuation of the programs initiated last year to improve the capabilities of our airbase defense forces in response to increased terrorist threats and the joint service program to replace current handguns with a standardized 9mm pistol.

Airbase ground defense and ground launched cruise missile defense weapons.—The 974 M203 40mm grenade launchers, 234 M60 machine guns, and the 272 Mk 19 Mod 3 40mm grenade machine guns provide the high volume and suppressing fire coverage for Air Force security forces defending overseas airbases and nuclear weapons storage facilities. These weapons are part of the overall program to improve the equipment for these airbase defense forces to defend against terrorist attacks or lightly armed military forces likely to threaten rear areas in a general war.

9mm handguns.—The 3,000 9mm handguns requested are the first year's planned procurement for the Air Force of the joint service common handgun. The Army is the lead service.

The Munitions and Associated Equipment Program is a keystone of the Air Force effort to increase the readiness of our combat forces from the low levels of the recent past and to provide for the most rapid, prudent growth of our WRM stockpile to sustain our forces in combat using modern, effective weapons necessary to meet current and near term future threats to our national security. The program we have presented to you provides a balance of new technology and maintains the production base for current munitions.

I will now address the Other Base Maintenance and Support Equipment budget activity.

OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT

This budget activity includes a wide variety of diverse equipment and special programs. Equipment procured supports all major commands and separate operating agencies as well as the Air Force Reserve and Air National Guard. The equipment directly or indirectly supports every weapon system in the Air Force inventory and every USAF unit and installation, and is as crucial to supporting and maintaining the combat forces as the peculiar support equipment procured in other appropriations. It also provides the mobility, sustainability and survivability which makes rapid worldwide deployment possible. Examples of equipment items procured range from the sophisticated electronic test equipment used in Precision Measurement Equipment Laboratories (PMELs) to dining hall and kitchen equipment. Cargo pallets and nets, aricraft arresting systems, night vision goggles, mechanized material handling systems, bare base support equipment, chemical and biological defense equipment and medical and dental investment equipment are also procured.

In the fiscal year 1984 budget request, the Other Base Maintenance and Support Equipment Program is valued at $4.2 billion of which 88 percent ($3.7 billion) supports classified activities; the remaining $457 million is for common support of all weapon systems and bases in the Air Force. The program is divided into six categories of equipment: Test Equipment, Personal Safety and Rescue Equipment, Depot Plant and Materials Handling Equipment, Electrical Equipment, Base Support Equipment, and Special Support Projects. These equipment categories represent 35,000 different line items in the Air Force inventory. The following table lists these categories together with funding for the fiscal years indicated:

OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT

[Dollars in millions]

	Fiscal year		
	1983	1984	1985
Test equipment	$53.6	$62.8	$56.8
Personal safety and rescue equipment	23.3	46.4	86.1
Depot plant and material handling equipment	28.8	37.6	46.7
Electrical equipment	23.9	27.1	23.9
Base support equipment	257.3	275.7	266.1
Special support projects	14.8	7.2	13.4
Total	401.7	456.8	493.0

I will now discuss the above categories in more detail.

TEST EQUIPMENT

The Test Equipment category provides a wide range of common electronic test equipment used throughout the Air Force to calibrate other complex test equipment and maintain a variety of combat weapon systems. Included are calibration standards and equipment, oscilloscopes, signal generators, frequency meters, and spectrum analyzers to name a few. The program also supports 119 Precision Measurement Equipment Laboratories and the Aerospace Guidance and Metrology Center at Newark AFS, Ohio.

PERSONAL SAFETY AND RESCUE EQUIPMENT

Personal Safety and Rescue Equipment is the second category and consists of chemical and biological defense equipment, life rafts and preservers, night vision goggles, and diving and marine lifesaving equipment. Chemical and biological defense equipment is the largest P-1 budget line in this category with over $28 million budgeted. This program represents a concerted effort to recognize the chemical and biological threat. It includes individual protection, collective protection, detection and warning, and decontamination equipment to enhance survivability and enable Air Force combat forces to operate in a chemical and biological warfare environment.

DEPOT PLANT AND MATERIALS HANDLING EQUIPMENT

Depot Plant and Materials Handling Equipment automates material processing at bases, air logistics centers and air terminals throughout the world. The mechanization equipment includes overhead monorails, driverless tractors, automatic stackers, and automatic storage and retrieval systems. Mechanized materials handling equipment helps eliminate multiple manual operations and provides improved response and simplified parts control, inventory, and maintenance. Also included is a project entitled Logistics Application of Automated Marking and Reading Symbols or LOGMARS. Budgeted at $7.3 million in fiscal year 1984 LOGMARS is the Air Force follow-on effort to a fiscal year 1983 Office of the Secretary of Defense sponsored productivity investment project. Projects in this category have historically amortized the investment cost in less than four years.

ELECTRICAL EQUIPMENT

The Electrical Equipment category includes mobile electric power generators, floodlights, switches, transformers and controls used for power distribution throughout the Air Force. Not only is this equipment used on our Air Force installations on a day-to-day basis, but it is also a minimum essential element for Air Force units with mobility commitments. Commercial power at deployed locations cannot sustain military operations and is typically of different voltage and frequency than that required to operate Air Force equipment. Therefore, to ensure an adequate measure of sustainability we must continue to procure the full complement of equipment to upgrade the mobile electric power fleet. The majority of our current inventory of generators is nonstandard and obsolete. Overhaul costs are approaching the cost of new acquisitions. Newer generators are standardized versions developed by the DOD Mobile Electric Power Program Office.

BASE SUPPORT EQUIPMENT

The Base Support Equipment category is by far the broadest and most versatile. It includes a wide range of projects such as base procured equipment, medical and dental investment equipment, aircraft arresting systems, cargo pallets and nets, photographic equipment, mobility equipment, mobility equipment and spare parts. Also included are two programs to enhance productivity: Productivity Enhancement, commonly know as Fast Payback Capital Investment (FASCAP), and Productivity Investment. FASCAP is a program that reduces operating and support costs to enhance productivity. Equipment must cost more than $3,000 but less than $100,000 and each project must amortize the total investment cost in less than two years. A typical FASCAP project costs $33 thousand, amortizes in just 13 months, and has a life cycle return on investment of over 7 to 1. Productivity Investment is similar to productivity enhancement except for thresholds. Projects must cost more than $100,000 and amortize in less than four years. The Office of the Secretary of Defense selects the investment projects to be funded from service submittals. In fiscal year 1984, the Air Force gained approval for five projects in this budget activity valued at $4.0 million.

The Base Procured Investment Equipment (BPIE) Program budgeted at $38.4 million, allows bases to locally purchase items that cost $3,000 or more and are not centrally managed by the Air Force or other services and governmental agencies. These items are used for vehicle maintenance, real property maintenance, dining halls, new weapon system beddowns, real property replacement and administrative support. Overall, BPIE is essential to the day-to-day maintenance and operation of bases and weapon systems for both active and reserve personnel.

The Medical and Dental Equipment portion budgeted at $39.5 million supports hospitals, labs, clinics, training facilities, and a global aeromedical evacuation system for which USAF is the DOD single manager. Equipment bought through this program provides sophisticated life saving and diagnostic services which are technologically advanced and compatible with that found in the civilian sector. A large portion of these funds is required to procure War Reserve Materiel (WRM) programs equipment which is in direct support of Air Force readiness and contingency requirements. This WRM equipment provides medical support intended to return individuals to their wartime duties as quickly as possible and keep the mortality rate at the lowest possible level.

Other segments of the Base Support Equipment category are for Air Base Survivability and Mobility Equipment. Air Base Survivability, budgeted at $9.2 million, is a new P-1 budget line in fiscal year 1984. Funds requested will provide equipment to enhance the survivability and recovery of air bases in a combat environment. Mobility Equipment, budgeted at $95.8 million, continues an initative which began in fiscal year 1982 to equip forces operating at austere airfields. Equipment is required for aircraft maintenance and operations, power production, environmental control, billeting, messing, sanitation, and general housekeeping to support the deployed force. The procurement program takes into consideration the harsh environment, limited military facilities, nearly nonexistent logistics infrastructure and unskilled indigenous labor force in the theater of employment. Tactical maintenance shelters, water treatment kits, mobile generators and distribution systems, portable kitchens, tents, water tanks, portable sanitation facilities and portable hydrant refueling systems are just a few of the items in the Mobility Equipment P-1 Budget Line.

Equipment for Wartime Host Nation Support is again requested in fiscal year 1984. This program requests $4.6 million to initiate equipping Federal Republic of Germany Reservists. These Reservists will provide security for United States Air Forces in Europe Main Operating Bases and four Aerial Ports of Debarkation; increased support at 13 Collocated Operating Bases; and evacuation of U.S. wounded during wartime.

SPECIAL PROJECTS

Most of the projects in this final category of Other Base Maintenance and Support Equipment are classified. They generally deal with intelligence, surveillance, and countermeasures. The unclassified portion is for Industrial Preparedness—funds to decrease production costs and leadtimes, especially with new manufacturing technologies, and assure that primary defense contractors have surge capability. Modification funds for equipments bought in this budget program are also included.

Lastly, I will discuss the Spares and Repair Parts segment of the Electronics and telecommunications budget program.

SPARES AND REPAIR PARTS ELECTRONICS AND TELECOMMUNICATIONS EQUIPMENT

[Dollars in millions]

	Fiscal year		
	1983	1984	1985
Initial spares	$89.8	$99.4	$169.5
Replenishment spares	76.5	125.1	109.8
Total	166.3	224.5	279.3

As shown above, both initial acquisition spares and follow-on replenishment spares are required for procurement. Initial spares must be available upon delivery of newly acquired systems to enable pipeline support until the parts are stocklisted and become part of the wholesale logistics automated requirements computation system. These follow-on computed requirements become replenishment spares. The growth in spares funds is proportional to the increases in total obligation authority requested for equipment being procured. Communications-electronics (C-E) technology provides miniaturized, solid-state, highly reliable but very complex systems and components. This new technology has resulted in significantly higher costs and prevents organizational level repair. Therefore, more pipeline and on-site spares are required which equates to higher outlays earlier in the life cycle of C-E systems. These funds will support Over-the-Horizon Backscatter, PAVE PAWS and minimally attended radars; TRI-TAC; SACDIN; long haul communications; and other programs in production as well as support the inventory systems in operation.

Mr. Chairman, this concludes my prepared statement.

Senator HUMPHREY. Thank you.

Let us go to General Mason. General, we have your full statement which we will include in the record. You are welcome to make an abbreviated statement.

STATEMENT OF BRIG. GEN. PHILLIP H. MASON, DIRECTOR OF COMBAT SUPPORT SYSTEMS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR RESEARCH, DEVELOPMENT, AND ACQUISITION, DEPARTMENT OF THE ARMY, ACCOMPANIED BY MAJ. JAMES R. SISSON

General MASON. Yes, sir. With your permission I would like to summarize my statement with a few viewgraphs.

I have been asked by the committee this afternoon to address the ammunition appropriation and the Other Procurement Army Activity 3, which is Other Support equipment.

AMMUNITION APPROPRIATION

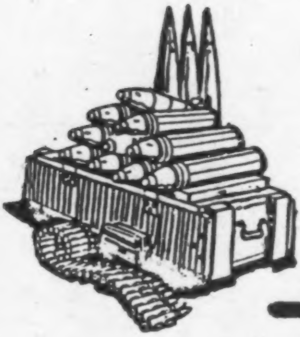
I will begin with the ammunition appropriation and conclude my presentation with the OPA 3 account.

Our ammunition program is built in three parts. First, the ammunition production base. That is support of our ammunition base for our current production efforts as well as the mobilization.

Second, our ammunition for training.

Third, our war reserve stocks.

The OSD guidance to the Army for war reserve stocks is specific; that is, acquire a specific number of days of war reserve stocks no later than a specified funded delivery period. We have structured our program to meet this guidance within the funding level.



MUNITIONS
PROGRAM

$ MILLIONS

	FY82	FY83	FY84	FY85
PROCUREMENT	2322.6	2122.0	2334.2	3404.2

This chart depicts our funding for fiscal years 1982 through 1985. Please note that in comparing our fiscal year 1984 program to our fiscal year 1982 program we have a negative 8.8-percent real growth. We have a 4-percent real growth in comparing 1983 to 1984.

We believe that we have a balanced program and it has been structured to provide the maximum benefit to the Army. I will discuss the details of the program on the next chart.

Senator **Humphrey**. Will you put that back again just a moment?

General **Mason**. Yes, sir.

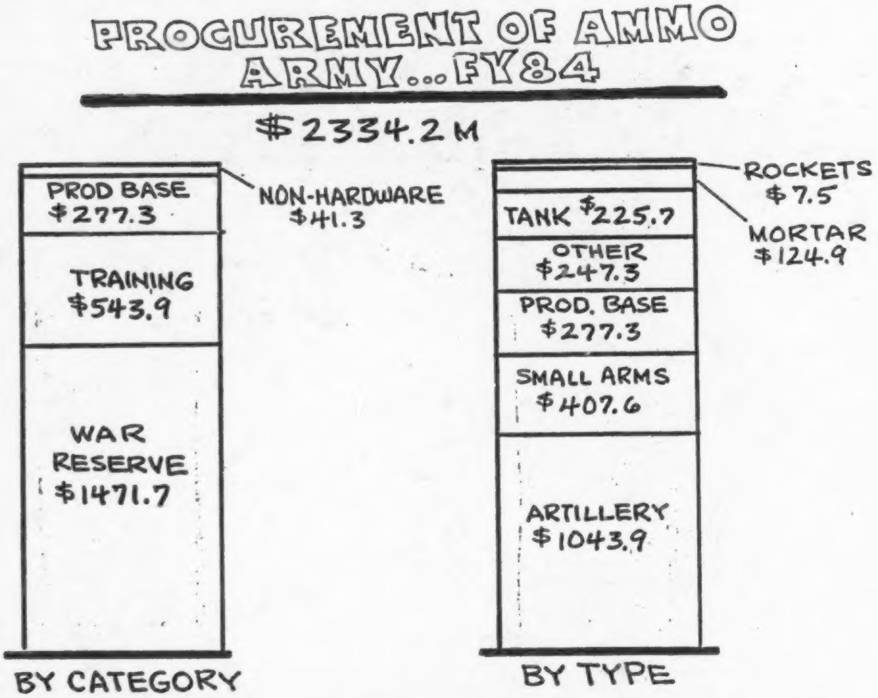
Senator **Levin**. Will you give me those figures, I cannot see them, they are a big blur. I can see a squash ball at a hundred miles an hour but I cannot see that. [Laughter.]

General **Mason**. Yes, sir. Fiscal year 1982, $2.3226 billion; fiscal year 1983, $2.1220 billion; fiscal year 1984, $2.3342 billion; and in fiscal year 1985, $3.4042 billion.

Senator **Levin**. Excuse the interruption, Mr. Chairman. Are those in constant dollars?

General **Mason**. No, sir, those are then-year dollars.

Senator **Levin**. Thank you.



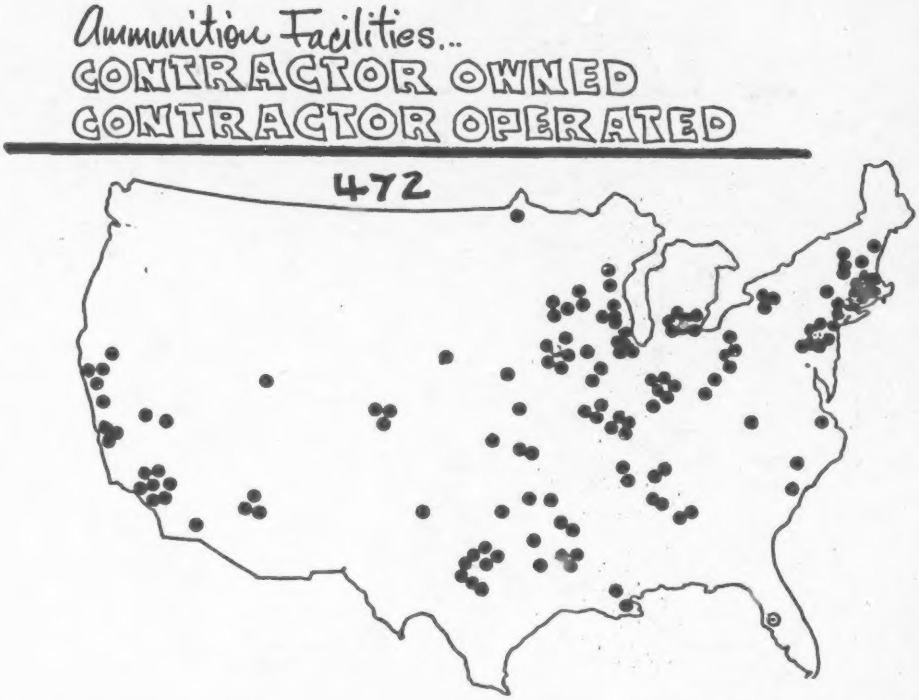
General **Mason**. The war reserve shown on the left of this chart is spread across all of the type items shown on the right except production base support. In fiscal year 1984 we can afford only about $544 million for ammunition for training.

There will be a shortage of about $140 million which will be covered by firing ammunition from war reserve stocks or a reduction in the level of training, or a combination of the two.

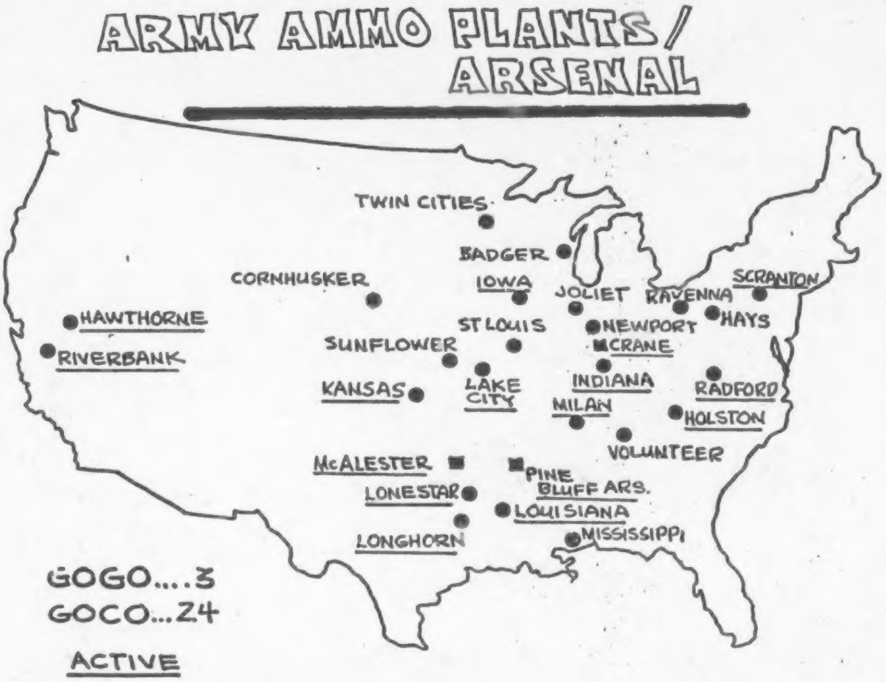
AMMUNITION PLANTS

Most of our ammunition plants are of the World War II vintage. Our production base support provides dollars to modernize these plants by replacing worn out equipment to provide initial production facilities for new items; to lay away facilities no longer needed, and to improve production processes for better cost, health, safety, and energy conservation.

The nonhardware consists of components for renovation, components for prove-out, components for special tests, malfunction investigation, and acceptance tests.


Ammunition Facilities...
CONTRACTOR OWNED
CONTRACTOR OPERATED
472

This chart depicts the 472 contractor-owned, contractor-operated facilities that have some capability to provide ammunition support.


ARMY AMMO PLANTS/
ARSENAL
TWIN CITIES
BADGER
CORNHUSKER
IOWA
JOLIET
RAVENNA
SCRANTON
HAYS
HAWTHORNE
RIVERBANK
ST LOUIS
NEWPORT
SUNFLOWER
CRANE
KANSAS
LAKE CITY
INDIANA
RADFORD
MILAN
HOLSTON
VOLUNTEER
McALESTER
PINE BLUFF ARS.
LONESTAR
LOUISIANA
LONGHORN
MISSISSIPPI
GOGO....3
GOCO...24
ACTIVE

The next chart depicts the current status of our Government-owned ammunition plants. Those shown in red are Government owned and Government operated. Those shown in black are Government owned and contractor operated. Those that are underlined are our active plants, while those that are not underlined are in a lay-away status and could be activated in time of mobilization.

Capabilities of these plants vary from the manufacturer of metal parts to the final load, assembly, and packaging of ammunition.

MODERNIZED MUNITIONS

I would like to conclude this part of the ammunition discussion on a positive note by saying that new modernized munitions have constituted the major portion of our budget request for the last several years.

Modernized munitions are those items that we have been purchasing subsequent to the cessation of Vietnam hostilities, that is, 155mm and 8-inch improved conventional munitions and 155mm and 8-inch rocket-assisted projectiles. These munitions offer greater lethal effects as well as a better antitank, antiarmor capability.

These new munitions represent the first real departure from the old high-explosive items.

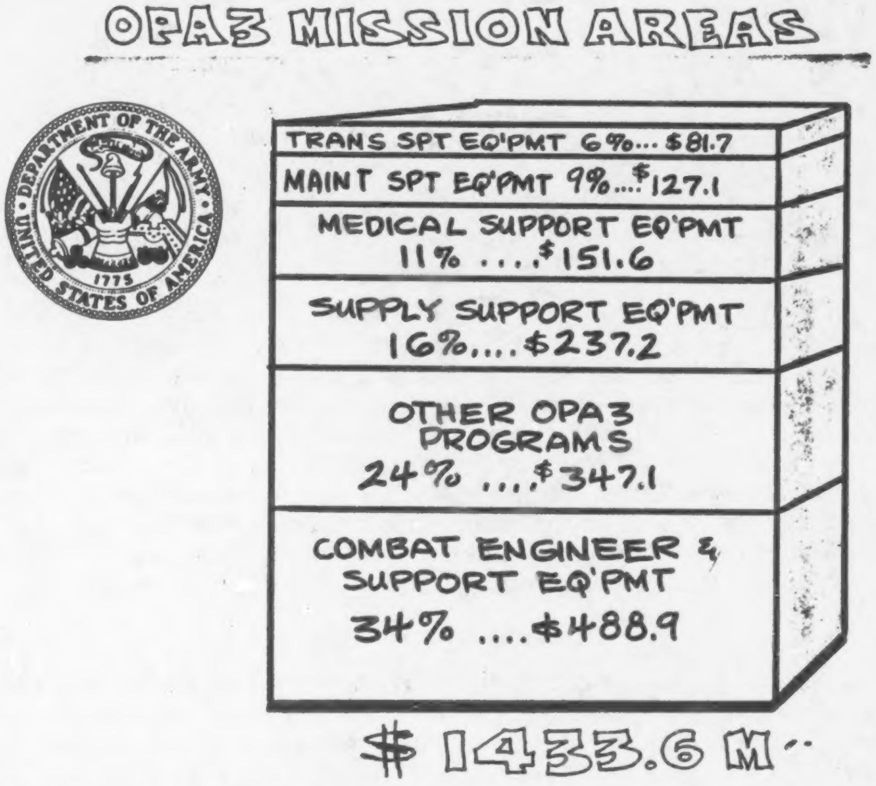
This completes our unclassified overview of our fiscal year 1984 ammunition program. We believe we have provided you a balanced ammunition budget. It increases our war reserve stock somewhat; provides limited support to our production base, and gives us the absolute minimum for training. We respectfully request your support of our ammunition budget.

During the closed portion of the hearing I will be pleased to present details of days of supplies on hand and discuss the other sensitive issues.

OTHER SUPPORT EQUIPMENT

I would now like to discuss the OPA 3 or other support equipment which I was asked to discuss.

OPA 3 is made up of a great number of items, yet it represents only 27 percent of the OPA budget and only 7 percent of the entire procurement budget. It supports all of the sinews of support which are essential to our combat forces.



I will expand on each of these six areas to give you an idea of the subcategories covered in this activity.

Our chief of staff has called these functions that are listed below the "Sinews of Support" and they are critical to our combat forces if we are to win while outnumbered.

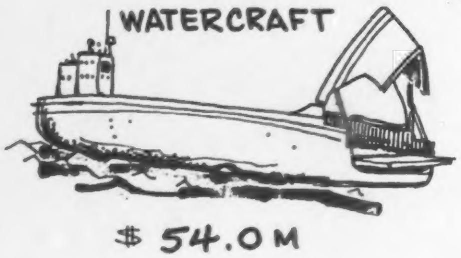
OPA 3 plays a significant role in each functional area. OPA 3 does not fund the ammo but funds the materiel handling equipment and the containers necessary to ship and handle the ammunition for our combat soldiers.

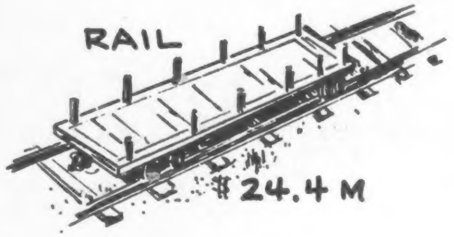
OPA 3 does not buy the fuel, but purchases all of the storage and distribution equipment necessary to support our forces.

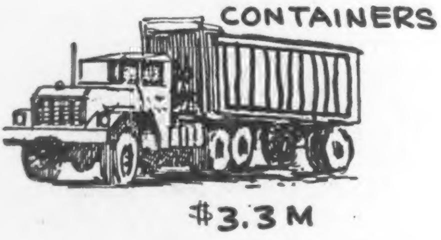
OPA 3 buys all the Army's medical equipment to support casualty treatment and evacuation; all the supply and service equipment, and all the engineer equipment to accomplish those functions.

TRANSPORTATION SPT. EQUIP.

$81.7 M







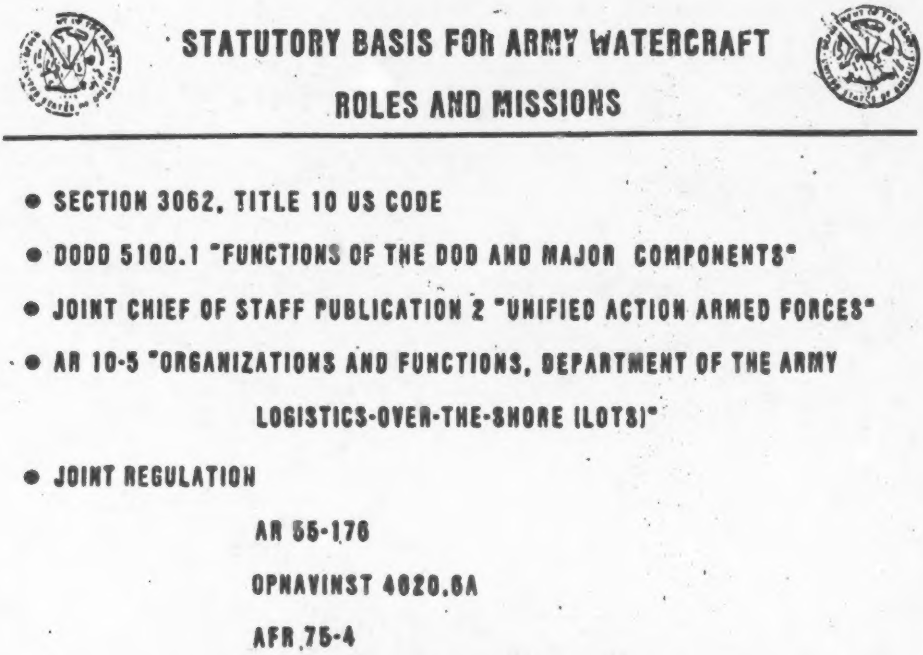
Although OPA 3 does not buy the trucks for transportation, it does procure the rail and watercraft necessary to accomplish mobilization plans in Conus, and logistics over-the-shore operations for triservice operations in Southwest Asia.

WATERCRAFT

First, watercraft. Fiscal year 1984 begins our watercraft standardization program. Two types of craft are being procured in fiscal year 1984, the landing craft utility and logistical support vessel, these items will be commercial vessels procured through a competitive procurement.

These watercraft are essential in supporting logistics over-the-shore operations. Pictured above is the logistics support vessel. Many people ask the big question, "Why does the Army buy watercraft and what is the interface between the Army and the Navy?"

I would like to very briefly discuss that now if I might, Senator.



STATUTORY BASIS FOR ARMY WATERCRAFT ROLES AND MISSIONS

- SECTION 3062, TITLE 10 US CODE
- DODD 5100.1 "FUNCTIONS OF THE DOD AND MAJOR COMPONENTS"
- JOINT CHIEF OF STAFF PUBLICATION 2 "UNIFIED ACTION ARMED FORCES"
- AR 10-5 "ORGANIZATIONS AND FUNCTIONS, DEPARTMENT OF THE ARMY LOGISTICS-OVER-THE-SHORE (LOTS)"
- JOINT REGULATION
  AR 55-176
  OPNAVINST 4020.6A
  AFR 75-4

First, the Army watercraft program. There is a statutory basis for the Army maintaining the watercraft capability, it is title 10 of the United States Code as shown on this chart. Next chart, please.

Army watercraft supports three types of water terminal operations. First, pierside is the conventional port operations. Offshore to pier. This is the case where the ship is discharged instream either because of the nature of the cargo or lack of port facilities or adequate depth. The cargoes are moved through the port by way of lighterage.

Offshore to berth. Lack of sufficient port capabilities in areas of operations requires ships to be discharged in the stream on to lighterage and moved to or over the shore.

In the Southwest Asia scenarios we envision any combination of these occurring simultaneously.

Army Mission Versus Navy Mission

ARMY	NAVY
Combat service support	Amphibious assault and supply
Post assault resupply	Protection of shipping during lots resupply
Ship to shore discharge	Naval combat
Coastwise operations	Ocean transport
Harbor service	
Inland waterways	

This chart contrasts the Army and Navy roles. The Navy is responsible for supporting the U.S. Marine Corps during and after the assault. The Army is responsible for supporting the entire theater joint task force as the theater is developed starting [deleted] after the initial landing, at which time the assault force may be redeployed.

The Army mission encompasses the whole spectrum of harbor and terminal services, including ship discharge, moving cargo through ports, over or along the shore, and through inland waterways, if available.

We asked the Rapid Deployment Joint Task Force to provide its tonnage requirements to support a Southwest Asia theater scenario. We evaluated our existing watercraft and terminal service capability—woefully short as indicated in the fiscal year 1982 column.

REQUIREMENTS AND CAPABILITIES

	Fiscal year				Out years
	1982	1983	1984	1985	
Requirements [approximately [deleted] daily]					
Capability [short ton daily]					([1])
Watercraft	8,270	11,770	13,870	15,170	8,205
Terminal service	10,485	12,500	16,050	16,050	4,450

[1] To complete.

In addition to being simply short of lift capability, the current fleet is not self-deployable, a problem addressed by the GAO in view of the general shortage of strategic sealift.

Over 55 percent of the task vessels are over 20 years old, past replacement eligibility. Obsolescence resulted in fabricating and cannibalizing parts.

Accordingly, we used the recently completed Army watercraft masterplan to provide a framework to upgrade the fleet to meet the Rapid Deployment Force requirement.

ARMY WATERCRAFT MASTER PLAN

The plan focuses on self-deployability, commercially available, greater payload capacity. We found we could man new types of equipment surveyed with smaller crews. We have developed an acquisition plan based on these factors which will meet the Rapid Deployment Force requirements by the end of our POM period.

We have worked closely with the Navy to avoid duplicative programs. The new vessels in the fiscal year 1984 program of 175 short-ton landing craft utility which has an expected lift capability of 175 tons, an increase of 25 percent over our existing fleet, and the logistic support vessel which has a lift capability of the 2,000-ton range and will allow us to move quantities of the M-1 tank as well as construction and terminal service equipment.

So much for the watercraft program. Next the rail.

RAIL PROGRAM

The Army is the DOD executive agent for the Defense rail interchange fleet. This category buys the rail cars that would not be readily available from commercial sources during mobilization.

The current fiscal year 1984 buy is for the 140-ton rail car used for oversized equipment such as transporting two M-1 tanks, two

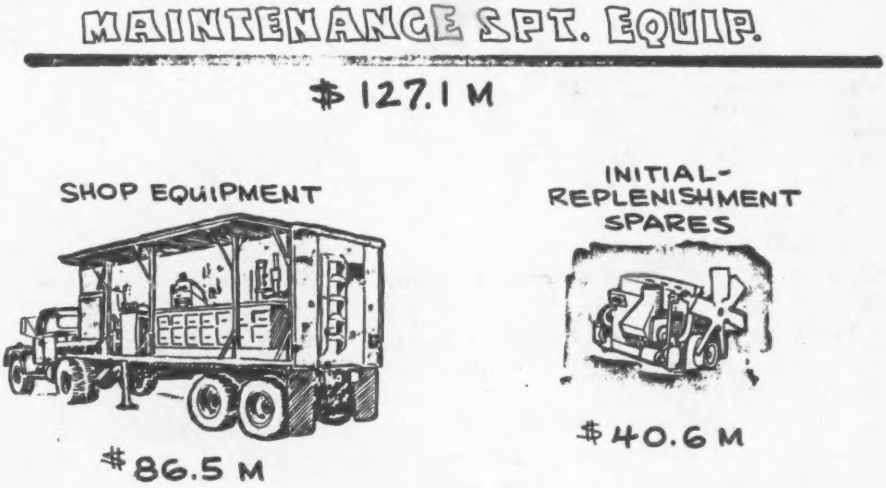
MIL-VAN containers, or two Sergeant York guns. Pictured is the 140-ton flatcar. [Chart deleted.]

CONTAINERS

Containers, essential to perform efficient movement of supplies and ammunition from the production contractors to depot, to the combat soldier, using a combination of transportation from truck, rail, ship to plane as required.

Two containers can be moved on a single large Army trailer. Pictured is a military van shipping container.

MAINTENANCE SUPPORT EQUIPMENT



SHOP EQUIPMENT

All shop equipment for our maintenance units is bought in this category. In fiscal year 1984 we are buying five different shop sets, three of which begin their initial year of production.

Pictured above is the electrical repair shop essential to test and repair electrical machinery and automotive electrical components.

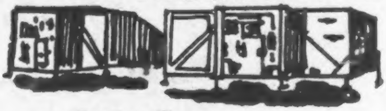
INITIAL REPLENISHMENT SPARES

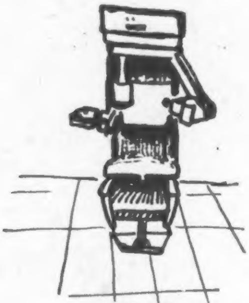
This category covers major subassemblies for use and repair in depots. Examples are engines, transmissions, and driveshafts.

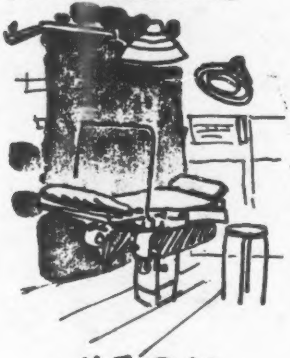
Funds in this section cover all major subassemblies bought for all OPA 3 items.

MEDICAL SUPPORT EQUIP.

$ 151.6 M







MEDICAL SUPPORT EQUIPMENT

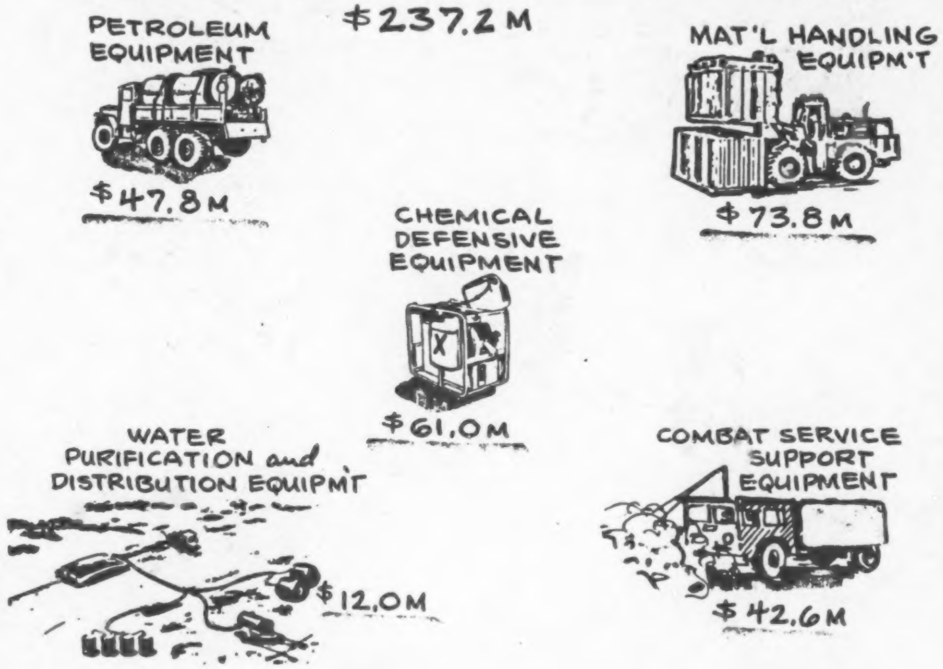
This overall category covers equipment for both tactical hospitals and equipment for our fixed medical-dental facilities located worldwide. This is a combat-zone hospital. It buys the shelters and power supplies for our tactical field hospitals. These are the shells. Pictured is a two-sided expandable shelter.

COMBAT SUPPORT EQUIPMENT MEDICAL

This category buys the hardware and medical sets, equipment that goes into the shells of the tactical hospital—that is the X-ray machine, surgical equipment, et cetera. Pictured is mobile operating room equipment.

Medical support equipment provides the equipment for new facilities and replacement equipment for fixed medical facilities worldwide. Examples of where equipment from the fiscal year 1984 buy will go are Fort Carson, Colo.; Fort Rucker, Ala.; Tripler Army Hospital, and overseas in Frankfurt, Germany, plus Camp Casey, Korea. Pictured is a dental chair and equipment.

SUPPLY SUPPORT EQUIPMENT


$237.2 M
PETROLEUM EQUIPMENT
$47.8 M
MAT'L HANDLING EQUIPM'T
$73.8 M
CHEMICAL DEFENSIVE EQUIPMENT
$61.0 M
WATER PURIFICATION and DISTRIBUTION EQUIPM'T
$12.0 M
COMBAT SERVICE SUPPORT EQUIPMENT
$42.6 M

Petroleum equipment buys all petroleum equipment for the Army less the 5,000-gallon tankers bought in the OPA 1 account. The major buy in fiscal year 1984 is the 180-mile POL pipeline and storage system to support the RDF. Pictured is the tank pump unit essential to refueling in forward combat areas.

The truck shown here is bought in the OPA 1 account.

Materiel handling equipment. Fiscal year 1984 continues the materiel handling equipment standardization of the 10,000-pound and 50,000-pound rough terrain fork lifts. It begins procurement of four additional fork lifts essential to ammunition handling.

Pictured is the 50,000-pound rough terrain fork lift essential in container handling in port and logisitics over-the-shore operations.

CHEMICAL DEFENSIVE EQUIPMENT

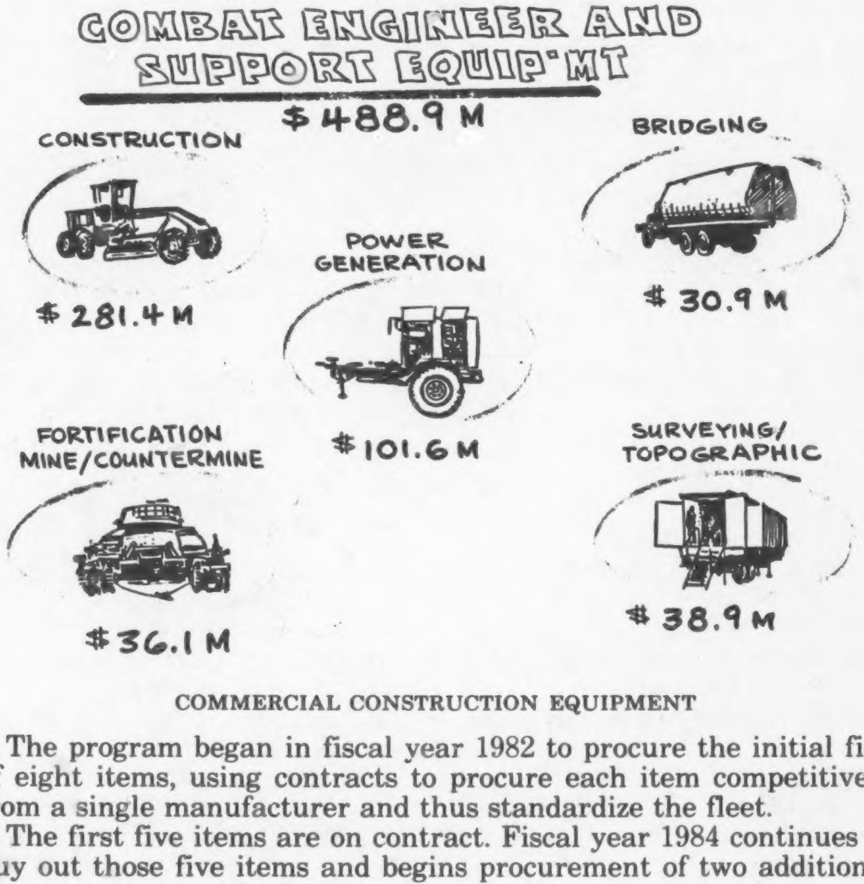
The major buy in fiscal year 1984 is masks which are essential for troops to fight in a chemical environment. Other items to be procured include decontamination equipment which is pictured, and protective equipment which allows our soldiers to operate their equipment in a chemical environment without mask or protective clothing.

COMBAT SERVICE SUPPORT EQUIPMENT

This is a catch-all of all combat service support equipment not fitting in other categories. Examples include fire trucks, air conditioners—used solely for tactical equipment—which are separately procured for our fielded weapon systems—and all Army worldwide printing and binding requirements.

WATER PURIFICATION AND DISTRIBUTION EQUIPMENT

This procures water equipment for Southwest Asia. The major buy in fiscal year 1984 is for the Tactical Water Distribution System or TWDS, which is pictured. TWDS is used to store and distribute water within a divisional area of responsibility. One TWDS system takes the place of ninety 5-ton tractors and ninety 5,000-gallon tankers which currently are not in the force structure.



COMMERCIAL CONSTRUCTION EQUIPMENT

The program began in fiscal year 1982 to procure the initial five of eight items, using contracts to procure each item competitively from a single manufacturer and thus standardize the fleet.

The first five items are on contract. Fiscal year 1984 continues to buy out those five items and begins procurement of two additional items, a tractor and a 7.5-ton crane.

BRIDGING

Fiscal year 1984 continues procurement to fill shortages of the ribbon-bridge system. This item was reverse-engineered from the Soviet system. The equipment is essential to move our combat forces over water obstacles. Pictured is the bridge transporter with interior bay.

POWER GENERATORS

This line procures all of the Department of Defense standard generators which support major systems such as Patriot, Hawk, and our communications systems. Fiscal year 1984 buys 15 different types of generators in sizes from 3 kw to 750 kw. Pictured is a 30-kw diesel engine driven generator.

SURVEYING AND TOPOGRAPHICS

Major buys in fiscal year 1984 include continuation of the procurement for the Position/Azimuth Determining System, or PADS, used to position our guns on the battlefield.

The Topographic Support System or TSS buys presses for this mobile mapping system. Pictured is the band from the topographic support system.

FORTIFICATION, MINE AND COUNTERMINE

This category procures essential equipment for our forces to channel the enemy, lay mine fields, and fight in desolate positions, outnumbered.

Fiscal year 1984 begins initial competitive procurement of the M-9 Armored Combat Earthmover. Also being procured is the mine roller which is pictured here. It is used to breach mine fields. The fiscal year 1984 program also buys Ground Emplacement Mine Scattering System which automatically lays mine fields.

Sir, I appreciate the opportunity to have reviewed our procurement program for other support equipment with you this afternoon.

PREPAREDNESS BALANCE

I would like to leave you with the thought that there is a fine balance between support and combat power. This balance is fragile, and those support items are not glamorous but high visibility. Ultimately, combat power and combat capability is directly dependent on adequate support.

You cannot arbitrarily change this balance. A comparison between last year's budget reflects a similar ratio between the distribution of dollars shown on the left of the chart and those shown on the right. We feel that our fiscal year 1984 budget request in fact meets that fine balance and reductions in OPA would tip this balance unfavorably.

Thank you.

[The prepared statement of Brig. Gen. Phillip H. Mason follows:]

Prepared Statement of Brig. Gen. Phillip H. Mason, Director of Combat Support Systems, Office of the Deputy Chief of Staff for Research, Development, and Acquisition, Department of the Army

Mr. Chairman and members of the subcommittee, it is a pleasure for me to provide you a summary of the Army's ammunition and other procurement budget request for fiscal year 1984. The funding profiles for these appropriations for fiscal years 1982 through 1985, as presented in the fiscal year 1984 President's budget, are shown in table 1.

TABLE 1.—1984 BUDGET REQUEST

[In millions of dollars]

	Fiscal year			
	1982	1983	1984	1985
Ammunition	$2,322.6	$2,122.0	$2,334,2	$3,404.2
OPA-1	1,015.9	1,229.6	1,148.1	1,847.8
OPA-2	1,607.8	2,044.0	2,781.2	3,807.9
OPA-3	1,083.6	834.7	1,433.6	2,107.7
Total OPA	3,707.3	4,108.3	5,362.9	7,763.4

Legend.—

OPA—Other procurement, Army
OPA-1—Budget activity 1, tactical and support vehicles
OPA-2—Budget activity 2, communications and electronics equipment
OPA-3—Budget activity 3, other support equipment

Equipment from the OPA appropriation is other than tanks, aircraft, missiles, and ammunition—the visible, impressive, and conventional hardware. The items procured by the OPA appropriation are of vital importance to the Army for without these trucks, trailers, communication and electronics equipment, engineer and logistics equipment, and other types of support equipment the tanks, guns, missiles, aircraft, our combat forces, simply cannot operate.

The following discussion will include a summary of the OPA appropriation by budget activity and conclude with a review of the ammunition appropriation.

OPA-1 TACTICAL AND SUPPORT VEHICLES

Budget activity 1 (OPA-1), tactical and support vehicles, comprises 21 percent of the total fiscal year 1984 OPA request and consists of about 15 different types of vehicles. As shown in table 2, the fiscal year 1984 OPA 1 request is approximately $82 million or 7 percent less than the fiscal year 1983 OPA 1 funded program.

TABLE 2.—*OPA 1—Tactical and support vehicles, fiscal year 1984 President's budget*

[In millions of dollars]

Fiscal year:	*Amount*
1982	1,015.9
1983	1,229.6
1984	1,148.1
1985	1,847.8

This slight reduction in the fiscal year 1984 OPA 1 program reflects the Army prioritization of its total requirements, rather than a reduced priority for wheeled vehicle. It illustrates the tradeoffs that must be made when operating with constrained resources. Distribution of the fiscal year 1984 OPA 1 program by functional area is as shown on table 3.

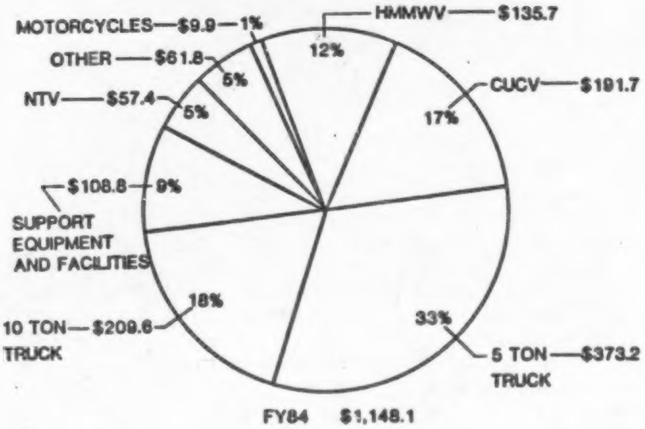
TABLE 3.—*Budget activity 1—Tactical and support vehicles*

[In millions of dollars]

Functional area:	*Amount*
Tactical vehicles	981.9
Non-tactical vehicles	57.4
Support equipment and facilities	108.8
Total	1,148.1

CHART 1 SHOWS THE FUNDING FOR EACH OF THE KEY TRUCK PROGRAMS IN THE FY 84 REQUEST.

OTHER PROCUREMENT, ARMY
TACTICAL AND SUPPORT VEHICLES
DOLLARS IN MILLIONS



4

The Army's requirement for transportation is of considerable magnitude. Weapons require ammunition, fuel, and repair parts; the soldiers who man these weapons must be supported; replacement stocks and equipment must be brought forward; damaged equipment must be evacuated; and a long series of logistics actions must be accomplished to sustain and maintain our forces.

One division and its supporting slice can be expected to consume thousands of tons of ammunition, fuel, rations, and other kinds and classes of supplies in one day of combat. It takes nearly 1,000 trucks and trailers dedicated to moving these supplies into the division area, and this nearly 1,000 trucks does not include the additional approximately 5,000 trucks, tractors, and trailers that are actually organic to the division. Now if you extend the truck requirements to the total Army, and include other force elements, such as separate brigades, regiments, and groups, the magnitude of our transportation requirement can be appreciated. It used to be said that an army moves on its stomach, but I think today we could more accurately say our Army only moves if it has trucks. Modern warfare demands mobility for success and only a modern capable truck fleet can provide the requisite mobility.

The status of our fleet today, though greatly improved as a result of the support provided by the Congress over the past 3 years, continues to be characterized by vehicle shortages, over-age vehicles and the use of substitute less capable vehicles in lieu of modernized equipment. General Kroesen, Commander-in-Chief, United States Army Europe, has stated in testimony before Congress that his number one readiness concern is trucks. Furthermore, Secretary of the Army Marsh highlighted this critical shortage in his recent testimony before the House Armed Services Committee. As an example, our requirement in the 5/4 ton, 5 ton and 10 ton categories to equip our forces, provide for Pomcus and some war reserve is nearly 200,000 vehicles. However we only have about 72 percent of that requirement and many of those assets are, or soon will be, due for replacement. But as I noted above substantial progress is being made to improve the situation and in 1984 we will begin to see concrete results of your past support as large quantities of vehicles begin to enter the inventory.

Our efforts continue to be guided by our tactical wheeled vehicle fleet requirements study, (submitted to Congress in 1980), which assessed the Army's overall vehicle requirements and defined the Army's preferred fleet, shown in chart 2. This fleet deletes the ¼-ton M151 "jeep", ½-ton M274 mule, 5/4-ton M561 gama goat, 5/4-ton M880 series commercial truck and the 8-ton goer. It retains the 5/4-, 2½-, 5-, and 10-ton vehicles as well as selected linehaul and equipment transporters and certain special purpose vehicles. This fleet reduces the types of vehicles while increasing our overall combat effectiveness and readiness. We have moved in a deliberate and positive manner to implement the findings of the study since it was submitted to Congress. The fiscal year 1984 budget request reflects the Army's continuing commitment to implementing the strategy outlined in that 1980 study and to the continued modernization of our fleet as well as our effort to redress vehicle shortages.

TACTICAL WHEELED VEHICLE FLEET
CURRENT VS PLANNED

CURRENT		WEIGHT CLASS (TONS)		PLANNED	
VEHICLE	CONFIGURATION	CURRENT	PLANNED	VEHICLE	COMPETITION BASIS
M151 (JEEP)	MILITARY	1/4	5/4	HMMWV	PERF SPEC
M274 (MULE)	MILITARY	1/2			
M561 (GAMA GOAT)	MILITARY	5/4			
M880 SERIES	COMMERCIAL	5/4		CUCV	PERF SPEC
M35 SERIES	MILITARY	2 1/2	3 - 3½	MTT	PERF SPEC
M809 SERIES	MILITARY	5	5	M939 SERIES	TDP
M656 SERIES	MILITARY	5	10	HEMTT SERIES	PERF SPEC
M520 (GOER)	MILITARY	8		M.A.N. SERIES	PERF SPEC

(+)TRACTORS, TRAILERS, EQUIPMENT TRANSPORTERS AND SPECIAL PURPOSE.

GLOSSARY:
PERF SPEC - PERFORMANCE SPECIFICATION.
TDP - TECHNICAL DATA PACKAGE.
HMMWV - HIGH MOBILITY MULTIPURPOSE WHEELED VEHICLE.
CUCV - COMMERCIAL UTILITY AND CARGO VEHICLE.
MTT - MEDIUM TACTICAL TRUCK.
HEMTT - HEAVY EXPANDED MOBILITY TACTICAL TRUCK.
M.A.N. - MASCHINENFABRIK AUGSBURG NUERNBERG.

CHART 2

I will briefly discuss six of the key programs in the fiscal year 1984 request. The two vehicle families that meet our 5/4 ton payload requirement are the commercial utility & cargo vehicle (CUCV) and the high mobility multipurpose wheeled vehicle (HMMWV). The CUCV is a commercially available vehicle in four body styles emphasizing a common power train to enhance logistics supportability. Though a commercial vehicle, it has been adapted to meet tactical military requirements and fills those 5/4-ton roles in less demanding tactical environments. Fiscal year 1984 is the 3rd year of a 4 year multi-year contract for this vehicle competitively awarded to General Motors Corp. The fiscal year 1984 request represents an additional 25 percent of our procurement goal. The CUCV is built in Flint, Michigan, and provides vehicles for the Army, the Marine Corps, and the Air Force. The CUCV also complies with congressional direction to commercialize a minimum of 20 percent of our 1/4 ton "jeep" fleet. In 1984 and 1985 we currently project to distribute 2,304 and 8,110 CUCV's respectively to the reserve components.

The HMMWV fills the 5/4 ton role in more demanding tactical environments. In March 1983, we transitioned from a 3 year accelerated development program that emphasized the use of commercial componentry to a competitive 5 year multi-year procurement contract awarded to AM General Corporation with manufacturing facilities in Mishawaka, Indiana. Fiscal year 1984 is the 2d year of this program and represents an additional 8 percent of our procurement goal. In fiscal year 1985 we currently project to distribute 153 HMMWV's to the reserve components. The HMMWV is also a tri-service program.

The HMMWV is intended to accommodate a variety of existing missions currently performed by several different vehicles. The key to the HMMWV, like the CUCV, is that it is adaptable to a variety of roles and missions, all body styles have the same engine and power train components and under the "sheet metal", so to speak, are nearly identical. This commonality of components reduces the logistics and training burdens of the services since repair parts will have to be stocked for only one type of vehicle, rather than several different types.

The current HMMWV family provides for four different (but in reality quite similar) body styles—a weapons carrier, utility vehicle, communications shelter carrier, and ambulance. Some of the varied roles these body styles will accommodate or adapt to are tow and stinger missile missions, command and control, forward air control, military police, ambulances, troop carriers, NBC reconnaissance, and a variety of others. In the future, it is expected that the HMMWV will be adapted to additional roles and missions within its capability.

One of the workhorses of the Army truck fleet is the 5 ton 6x6 tactical wheeled vehicle which is used in a wide variety of roles for ammunition, fuel and general cargo transport. The M939 series which we are currently buying is a product improved version of an earlier 5 ton (the M809 series). Fiscal year 1984 is the 4th year of a competitively awarded 5 year multi-year contract won by AM General with manufacturing facilities in South Bend, Indiana. The fiscal year 1984 request represents another 7 percent of our requirement. We currently project to distribute in fiscal year 1983 218, in fiscal year 1984 622, and in fiscal year 1985 39, 5 ton trucks to the reserve components. The 5 ton as a workhorse vehicle is found throughout the Army in all types of units, combat, combat support and combat service support. Unfortunately, at the end of the fiscal year 1984 funded delivery period, we will still be 21 percent short of our basic need.

The other workhorse is a new truck to the Army in the 10-ton class; the heavy expanded mobility tactical truck (HEMTT). This 10 ton 8x8 tactical wheeled vehicle comes in ammunition/cargo, and fuel transport versions as well as tractor and wrecker models. Though it does not have the cross-country ability of tracked vehicles its expanded mobility is superior in both on- and off-road capability to our other tactical wheeled cargo vehicles. Through the end of the fiscal year 1983 funded delivery period we remain about 70 percent short of our procurement goal. Fiscal year 1984 is important as it provides another 7 percent of our need. In fiscal year 1984 200 HEMTT's are scheduled for delivery to the reserve components. The 10 ton HEMTT is produced by Oshkosh Truck Corp. of Oshkosh, Wisconsin, and is particularly important to our modernization effort because of the increased capability it affords.

Not only are the CUCV/HMMWV, 5 ton and 10 ton trucks modernization items, they are also critical to supporting other modernization items such as the M-1, M-2, M-3, Sgt York Gun, Patriot, MLRS, and Pershing II.

Motorcycles, though a relatively small program, provide a considerable enhancement in operational effectiveness. The military motorcycle will provide a lightweight trail bike to supplement communications and command and control, traffic control, logistics coordination and expand and extend the capability of reconnaissance units. Additionally, the use of motorcycles in roles for which they are particularly suited, reduce the use of larger and more expensive to operate vehicles. Current enemy capabilities to disrupt and/or monitor communications place severe limitations on our units' abilities to move and communicate and a motorcycle will aid in filling many of the voids that exist in combat, combat support and combat service support organizations. Motorcycles are extensively used by both our allies and threat forces. The 82d Airborne, 101st Airborne (air assault) and 6th Cavalry Brigade have received small numbers of motorcycles to meet existing TOE requirements and have reported favorably on the increased capability afforded by these small lightweight, highly mobile vehicles. The 9th HTLD has tested motorcycles extensively, also with favorable results. Motorcycles will greatly enhance the operational capability and effectiveness of our units at relatively small procurement cost.

The fast attack vehicle (FAV) is a lightweight high speed cross country vehicle that is absolutely key to the high technology light division (HTLD) concept. The FAV possesses unique capabilities as a highly maneuverable, high speed, off-road vehicle that provides the HTLD a capability for rapid, offensive maneuver of ground forces deep in the divisions area of influence. It's lightweight permits a minimum of two vehicles to be lifted by a UH-60. The FAV is complementary to the HMMWV.

The fiscal year 1984 procurement, though a relatively small acquisition, is very important to the organization of the HTLD.

The budget request for tactical vehicles comprise 86 percent of the tactical and support vehicles portion of the other procurement, Army appropriation, and the 5-ton, 10-ton, and 5/4-ton truck programs themselves account for a majority of that effort. In addition to these programs, we also have important initiatives in some smaller trailer programs. Also included in the OPA-1 account are funds for procurement of certain kinds of spares and repair parts and production base support.

As I discussed earlier, it is important to point out that our procurements in certain cases—and particularly true of our 5 and 10 ton—do not simply replace overage vehicles in our tactical fleet. Unfortunately, shortages of vehicles require that we keep many of our older vehicles on hand until we have acquired sufficient newer vehicles to replace them.

Therefore, the age status of our fleet, is of continued concern. As addressed in congressional hearings last year, the original life expectancy estimates for our tactical trucks were made during their development phase based on expected usage and design technology. Subsequently, based on mileage extrapolation rather than age, the useful lives of the ¼-ton, 2½-ton, and 5-ton truck systems were extended as follows: ¼-ton—from 7 years to 12 years; 2½-ton—from 12 years to 15 years; and 5-ton—from 15 years to 20 years. At the direction of the Congress and to meet a long standing Army need, the Army has begun implementation of a program to gather data upon which to determine when it is economically desirable to replace vehicles. We do know that within the current vehicle life expectancies, components age and deteriorate, bodies rust and spare parts for some items become scarce and difficult to buy. In many cases, rebuild and remanufacture of components beyond desired levels is required to keep some of the older vehicles in our fleet operational. The results of our useful life study will provide quantifiable data with which to determine what the dollar cost is for retention of old vehicles and when it is economically desirable to replace vehicles, as well as insights into readiness and supportability predictions. We will keep the Congress apprised of our efforts.

A smaller but no less important concern is our non-tactical vehicles. The nontactical vehicle fleet includes commercial pickup trucks, maintenance and service vehicles, carryalls, refuse and dump trucks, sedans, etc. that keep our post, camps and stations functioning. Our nontactical fleet procurement comprises less than 5 percent of the tactical and support vehicle procurement program. The importance of this effort overshadows the relatively small percentage of dollars devoted to it. The low priority accorded to procurement of these vehicles relative to other higher priority requirements has created problems with this fleet, and the DOD standards for life and mileage criteria have been exceeded in most cases. Commercial vehicles with over a 100,000 miles are not uncommon. As a result we pay the price to meet urgent nontactical mission requirements.

OPA-2 COMMUNICATIONS AND ELECTRONICS

The OPA appropriation budget activity 2, communications and electronics equipment, includes those items used in the Army's communications, command, control, and intelligence (C^3I) efforts. It is these C^3I equipments that enable us to create an effective fighting force by bringing together the individual weapons systems and people that make up the Army. They also permit us to gain intelligence about our enemy, and to evaluate and disseminate that information in meaningful form to our forces in time to act upon it on the battlefield. The thrust in our C^3I program is to eliminate the grease pencils and manual plotting boards—these approaches simply cannot keep pace with the developments on the modern battlefield—and to replace them instead with devices that utilize modern electronics for their effectiveness. This provides the army with an up-to-date, robust, responsive method of organizing and controlling its forces on the battlefield. Automation is the only approach to managing the large amounts of information necessary for and becoming available to today's commanders. These C^3I tools are essential if the commander is to respond to the battle situation in a timely and effective manner. The C^3I program contained in our fiscal year 1984 budget request is designed to perform in the threat situations expected to be found on the modern battlefield.

Our approach to C^3I systems development and procurement is necessarily different and somewhat more challenging than the approaches that are taken by some of our allies, and indeed, some of our potential adversaries. The primary reason for this is that some nations—for example, Germany or Israel—enjoy the luxury of knowing in advance where they will be required to employ their forces. We do not. We must be prepared to deploy and employ U.S. Army Forces anywhere on the globe on short notice, and to be able to adequately command and control those forces wherever they may be without recourse to indigenous communications systems that may not be available for use in the area of operations. Many of the scenarios require us to deploy our forces over a variety of conditions that range from densely populated, highly developed areas to vast, undeveloped areas with poor trafficability. I bring this point out because our C^3I system must provide the flexibility necessary for our forces to operate over this entire spectrum.

Two major C^3I initiatives guide our efforts, namely:

Giving C^3I systems a priority equal to the weapons systems which they support.

Designing and deploying endurable, survivable, and robust C^3I systems which are capable of resisting the current and projected threat. In addition, we are stressing interoperability among the U.S. Armed Forces and with our allies to provide maximum effectiveness.

These items of C^3I equipment are the means by which our combat forces achieve their effectiveness. Without these items the tanks, guns, missiles, aircraft, and combat formations of the Army cannot effectively operate.

Whereas many of our major weapon systems transitioned from research and development into procurement within the last few years (thus biting into the procurement "bow wave"), the C^3I systems necessary to integrate these weapons into the force lagged somewhat behind and are now beginning to penetrate a similar "bow wave". This effect will continue as we continue to modernize the force.

I want to emphasize that this is not the result of unstructed, random growth. The reverse is true: The Army's plans for modernization placed priority on beginning procurement of our weapon systems and following that immediately with procurement of the essential C^3I equipments for a balanced, effective total fighting capability. We are now in the execution phase of this plan.

The fiscal 1984 OPA-2 request of $2.781 billion, constitutes 52 percent of the total other procurement, Army appropriation. The funding profile for OPA-2 from fiscal year 1982 through fiscal year 1985 is shown in the table 4.

TABLE 4.—*OPA 2—Communication and electronics*

[In millions of dollars]

Fiscal year:	*Amount*
1982	1,607.8
1983	2,044.0
1984	2,781.2
1985	3,807.9

While the fiscal year 1984 request is $737.2 million more than the fiscal year 1983 appropriation, it is onlv approximately $480 million more than the fiscal year 1983 OPA-2 budget request submitted by the Army last year. This request is essential to accomplishing the task, and the growth reasonable.

The distribution of the OPA-2 fiscal year 1984 request by functional area is as shown on chart 3.

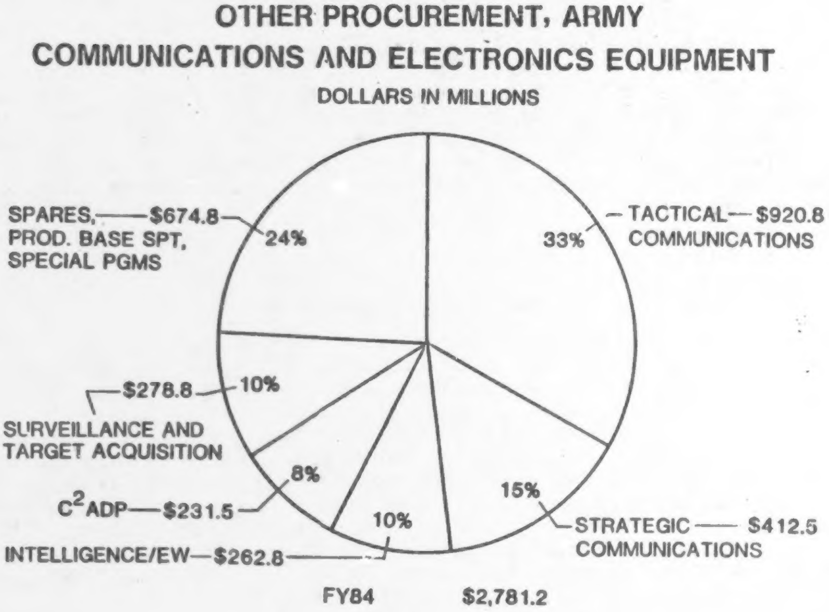


CHART 3

About one-half of the increase over the fiscal year 1983 appropriation ($391.3 million) is required to begin procurement of new vitally needed systems to provide the improved C^3I capability I have discussed. Among these systems are those which provide a capability never before available to the Army in the field, such as the remotely monitored battlefield sensor system (REMBASS), the hand-emplaced expendable jammer (HE-EXJAM), and the position location and reporting system (PLRS); and those which provide significant improvement to existing capabilities of our forces, such as the single-channel ground and airborne combat radio system (SINCGARS). Both of these latter systems will continue with the second year of their procurement in fiscal year 1984. Each of these systems is discussed in more detail later in this statement.

TACTICAL COMMUNICATIONS

In this area, the joint tactical communications program (TRI-TAC) request of $373.3 million supports the procurement of a number of diverse equipments such as tactical digital/analog switches, multichannel line-of-sight and tropospheric scatter radios, multiplexers, and telephones. These items are urgently needed to replace the obsolete, non-secure, manpower-intensive communications currently in the field. Our present multichannel communications involve old technology, slow and difficult to maintain manual switches and patchboards filled with plugs and wires and communications centers littered with teletype tape. TRI-TAC, with modern technology, will streamline this area of communications. Fielding of these equipments starts this year and will be provided throughout the forces—active, reserve component, and National Guard alike.

To free the commander from terrestrial communications links which demand that he "own the ground" over which they operate, and to provide the capability for rapid, deployable communications that can be used on short notice on a world-wide basis, this year's request includes $104.1 million for tactical satellite terminals. This amount will provide anti-jam equipments for multichannel AN/TSC-85A and AN/TSC-93A satellite terminals. In addition, the fiscal eyar 1984 request includes funds to procure the initial 22 single-channel objective tactical terminals (SCOTT), which will be used, in part, to satisfy requirements of the Joint Chiefs of Staff. Scott is the Army's tactical terminal for use in the MILSTAR system, which will—when fully deployed in the late 1980's and early 1990's—provide a significant improvement in jam-resistance, mobility, and the overall capability of tactical satellite terminals, thereby improving the flow of information to and from our ground commanders.

A major item of command and control equipment in any army is the commander's combat net radio. Our Army does not presently have a tactical radio system in the field that is capable of operating in a hostile jamming environment. Our single channel ground and airborne radio system, SINCGARS, will give the soldier a jam-resistant, securable radio system which is capable of defeating the current and projected threat. Further, to provide interoperability during its period of transition into the field, it is comparable with our existing combat net radios and their associated communications security equipment in its non-antijam mode. This will greatly facilitate integration of SINCGARS into the force. The fiscal year 1984 request of $50.8 million will not only accelerate the procurement of this urgently needed radio with the procurement of 3,200 units, which will equip a full division, but will also provide for cost savings by supporting production of SINCGARS at more economic production rates than had previously been programmed.

STRATEGIC COMMUNICATIONS

It is by strategic communications that we connect our tactical forces, wherever they may be deployed, to the national command authority. The fiscal year 1984 budget request includes two programs that are a part of the Army's contribution to strategic communications.

The request of $189.5 million for the defense satellite communications system (DSCS) procures improved satellite terminal facilities in support of critical Department of Defense command and control requirements. Major items in the Army DSCS program are to support the third year of four-year purchase of satellite terminals to satisfy the requirement for jam-resistant secure communications (JRSC) terminals. This includes the purchase of two AN/GSC-49 terminals and their required antijam equipment. It also includes funds to procure one state-of-the-art medium satellite terminal (SAMT) for use in the JRSC mission area.

Another major facet of strategic communications is support of U.S. forces deployed in crisis management roles throughout the world. Therefore, $35.7 million of the request is to procure three joint crisis management capability (JCMC) terminals, which will provide air-transportable communications that can be flown into remote crisis areas to provide the on-scene joint commander with the immediate ability to communicate with his military superiors and with the national command authority.

COMMAND AND CONTROL (C^2) AUTOMATIC DATA PROCESSING

In any future conflict, it will be essential for combat commanders to promptly and accurately locate their positions, and the position of both friendly and opposing forces, on a highly mobile and extended battlefield. The accuracy and timeliness obtainable with the time-honored system of magnetic compass and MAP will not suffice for the employment of precision weaponry, nor will it provide the margin of combat power attributable to the commander who is able to assure a high percentage of first-round hits on his opponent. The position location reporting system (PLRS), a joint program with the U.S. Marine Corps, will give us that capability. It is crypto secure, highly resistant to jamming, and can be used in all weather and terrain. The Army's PLRS equipment will be enhanced to give it a greater data communications capability. It will be integrated with the joint tactical information distribution system (JTIDS) class 2 terminal to form the PLRS/JTIDS hybrid (PJH), or Army data distribution system (ADDS), which will provide the army with reliable, jam-resistant data communications for the near-real time transfer of battlefield data for use in the five primary functional areas which use C3I on the battlefield: Maneuver control, fire support, air defense, electronic warfare/intelligence, and combat service support. The fiscal year 1984 request of $35.3 million will fund the second year of production, and will support PLRS production at more economic rates than previously planned, thereby providing significant savings. It will also enable these critically needed capabilities to be fielded in the timeframe they are needed.

The decentralized authomated service support system (DAS 3) is a general purpose computer system utilized from brigade to theater levels to provide support for standardized personnel and logistical functions. The budget requests $52 million to support continued production of 48 units of this item.

Another typical example of continuing production is the $29.4 million requested to procure the battery computer system (BCS). BCS provides fire control and ballistic calculations at field artillery batteries, where it can contribute to the improvement of combat power on the battlefield. BCS replaces both the field artillery digital automatic computer (FADAC) and the battery display unit, providing a quantum leap forward in technical fire control at the field artillery battery level. BCS is completely compatible with tacfire and also provides a stand-alone technical fire computation capability at battery level.

A system which will fill another urgent requirement on the battlefield, and which has just recently matured from research and development into procurement, is the meteorological data system (MDS). This system replaces a forty-year-old manual system with a modern automated system that provides accurate and timely meteorological data to the field artillery, thereby yielding an essential ingredient for accurate artillery fire. The fiscal year 1984 budget request of $19.3 million will buy 12 meteorological data systems.

A maneuver control system (MCS) prototype was introduced in our VII corps and its divisions in Europe during fiscal year 1981 to gain experience with automated battlefield information systems for maneuver and force control. Key uses for the system by operations staffs were processing and distributing estimates, plans, orders, and reports. Development of system software will continue in fiscal year 1984, and the fiscal year 1984 budget request supports the second year of a three-year multiyear hardware procurement contract which will be awarded in the current fiscal year (fiscal year 1983).

SURVEILLANCE, TARGET ACQUISITION, NIGHT OBSERVATION

The 1984 budget requests $46.8 million to restart, at economic production rates, the production of the ground laser locator designator (GLLD). GLLD will provide accurate range, azimuth, and elevation information for use with conventional artillery and will also provide laser designation of a target to gain high single-shot kill probability with terminally-guided homing weapons.

Fiscal 1984 also sees the beginning of procurement of an unattended ground sensor system. The remotely monitored battlefield sensor system (REMBASS). REMBASS will provide the tactical commander, who is now responsibile for frontages often wider than ever before, a capability to see deep on the ground. REMBASS will provide both a forward area early warning/surveillance and target development capability, and rear area intrusion detection capability to provide for physical security. The $20.4 million requested will purchase the first three division sets, two of which will go to the rapid deployment force.

Close combat at the forward line of troops will be enhanced by various night vision aids and sights designed to increase the night-fighting effectiveness of troops engaged in essential operations, such as patrolling, driving vehicles, and firing individual and crew-served weapons. These night vision devices incorporate state-of-the-art changes which have improved mission performance characteristics, increased dependability, and lowered life-cycle costs. The total request for these items is $88.5 million.

INTELLIGENCE/ELECTRONIC WARFARE

In this critical area, $67.7 million is requested to begin procurement of the Trailblazer (AN/TSQ-114). This system will provide commanders with a highly mobile, automated, high-speed means to intercept and exploit enemy communications by adding a capability that does not now exist. This ability is essential if the field commander is to be able to maximize his knowledge about his enemy and effectively employ his forces to counter and defeat that enemy.

Another program the hand-emplaced expendable jammer (HE-EXJAM) will also begin procurement in fiscal year 1984. It is a new, unique, low-cost way to degrade or disable enemy communications. These devices can disable the enemy's ability to command and control his forces at specific locations and at specific times that our commander determines to be most critical to his operations. In addition, because HE-EXJAM operates at low power and is emplaced beyond the forward line of troops, friendly communications will not be disrupted. The budget requests $19.3 million for this item.

The Army's combat electronic warfare intelligence units will also be equipped with the high-power AN/MLQ-34 TACJAM. This jammer provides our commander the capability to disrupt enemy communications from a distance, when it is neither feasible nor desirable to use the HE-EXJAM. The budget requests $40.7 million to support continued procurement of this item, which is essential to the commander's ability to disrupt his opponent's C3I systems.

A large part of the electronic warfare/intelligence budget request provides for modification of in-service equipments. By these efforts, we will improve and extend the lifetime of equipment already fielded. The fiscal year 1984 budget request contains $69.1 million to support 14 product improvement programs covering four systems: AN/TRQ-32, AN/MSQ-103 (Teampack), AN/TSQ-114 (Trailblazer), and

TCAC/D (forerunner to the all-source analysis system). This procurement will enhance the utility of these already-fielded systems, and extend their life in the field by extending their capability to defeat improvements that our opponents are fielding in their electronic equipment, providing overall increased combat power and reduced costs.

SPARES

In this area, the fiscal year 1984 request consists primarily of the initial and replenishment spare parts for all of the communication-electronics equipment contained in the budget. These spare parts are essential to the continued operation of the systems discussed above. Failure to fund the required level of spares will result in degradation to our readiness posture and the sustainability of the forces in the field.

This item also contains funds for productivity enhancement and production base support projects, and for certain classified projects requiring special access.

As you can see, in fiscal 1984 we are continuing our initiatives to effectively and affordably improve our C3I capabilities. Our modern army depends upon a variety of communications, ranging from the tactical commander's voice on one end to the data stream of an individual weapon system on the other. The commander's ability to obtain information about his own forces and his enemy, and his ability to influence the battle, must be continuous if he is to win the battle. His enemy realizes this, and will expend considerable effort toward the disruption of our C3I capabilities. Thus, our C3I systems must be reliable, survivable, and endurable. Our present initiatives provide for these capabilities.

If the United States Army is to fight outnumbered and win, our C3I systems must enable our commanders to rapidly determine the enemy's intentions and to deploy forces to counter them with maximum effectiveness. Delaying or canceling procurement of these systems will deny these capabilities to our commanders in the near term and will weaken our ability to win in battle.

OTHER SUPPORT EQUIPMENT

Equally important within the OPA appropriation is budget activity 3 (OPA 3), other support equipment. While OPA 3 may be the least glamorous of the Army procurement accounts, it is one without which we may not get to war and would not be able to sustain our combat force once in war. This program contains the less visible items, the nuts and bolts, that hold an army together and keep it going.

The OPA 3 funding profile for fiscal year 1982 through fiscal year 1985 is shown in table 5.

TABLE 5.—*OPA 3—Other support equipment, fiscal year 1984 President's budget*

[In billions of dollars]

Fiscal year:	*Amount*
1982	1,083.6
1983	834.7
1984	1,433.6
1985	2,107.7

The OPA-3 funding profile shows a decrease of approximately $249 million or 23 percent in the funded level from fiscal year 1982 to fiscal year 1983. The reduced fiscal year 1983 Army request was necessary to efficiently allocate available resources considering Army priorities and minimum funding requirements for effective execution of essential programs. The fiscal year 1984 request shows a significant increase over the fiscal year 1983 appropriation, however, a comparison of the fiscal year 1984 request to the fiscal year 1982 appropriation for OPA 3 finds an increase of only about $350 million.

For ease of analysis and management, the fiscal year 1984 OPA 3 budget request has been grouped into 13 functional areas. The readiness provided by each of these areas is essential if the combat forces are going to operate effectively and be sustained. Distribution of the fiscal year 1984 program is shown on table 6 and chart 4:

TABLE 6.—*Budget activity 3—Other support equipment*

[In millions of dollars]

Function area:	*Amount*
Chemical defensive equipment	61.0
Bridging equipment	30.9

Engineer (nonconstruction) equipment	75.0
Combat service support equipment	42.6
Petroleum equipment	47.8
Water equipment	12.0
Medical equipment	151.6
Maintenance equipment	86.5
Construction equipment	281.4
Rail, float and containerization equipment	81.7
Generators	101.6
Materials handling equipment	73.8
Other support equipment	387.7
Total	1,433.6

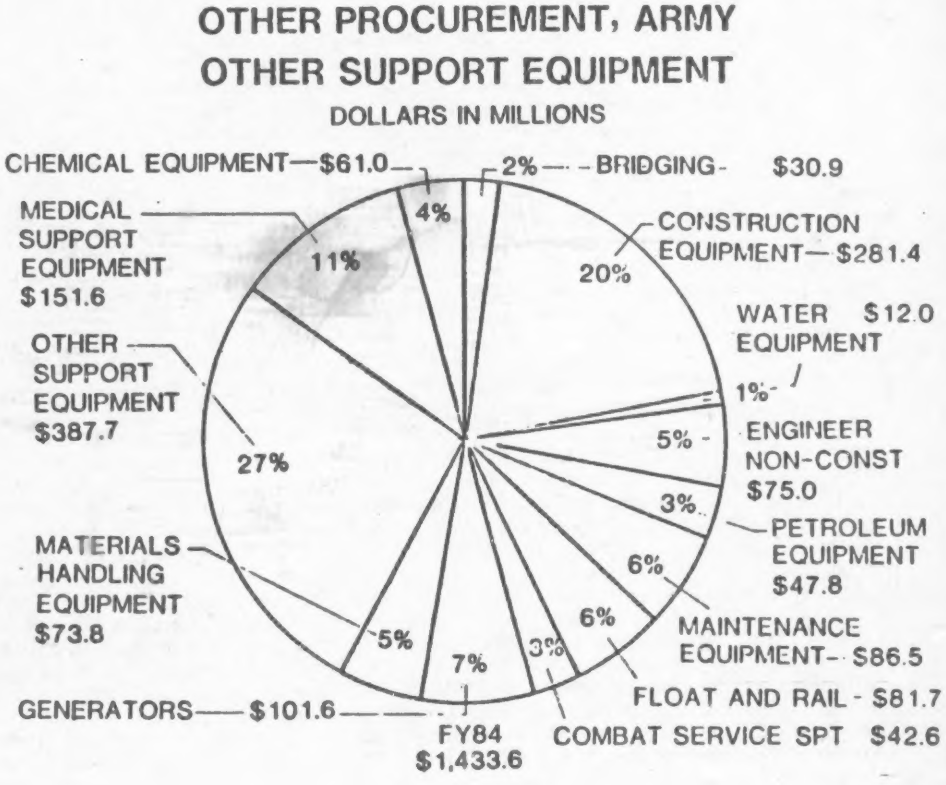


CHART 4

The fiscal year 1984 request of $61 million for chemical defensive equipment representing about 4 percent of the total OPA appropriation. It buys critically needed chemical-defensive equipment that provides individual protection, detection and warning, plus decontamination and contamination avoidance equipment. The majority of the fiscal year 1984 funding for chemical defensive equipment procures protective masks to replace over-age and unserviceable masks which must be available for our combat forces to survive and fight in a chemically contaminated environment.

The $30.9 million requested in fiscal year 1984 for bridging equipment supports the second year of a conventional multi-year contract for ribbon bridge transporters and resumes buying ribbon bridge bays. While the fiscal year 1984 bridging program is 3 times greater than the fiscal year 1983 program, it is $13.4 million or 30 percent less than the fiscal year 1982 bridging program. The low fiscal year 1983 funded level reflects completion of the medium girder bridge program in fiscal year 1982 and a skip year in procurement of ribbon bridge sections to phase bridge deliveries with deliveries of ribbon bridge transporters.

In the engineer (non-construction) equipment function area, $75 million is requested to maintain the prior year funding level. These funds continue conventional multi-year procurement programs for the topographic support system, position/azimuth determining system, and mine clearing roller; and a single year contract for the ground emplacement mine scattering system (GEMSS). Tactical commanders use these systems to support the air-land battle by performing the functions of terrain analysis, positioning of units, laying-in of weapon systems, and dispensing and clearing of minefields accomplished under the time constraints of the mobile battlefield. In addition, the fiscal year 1984 program initiates a competitive multi-year program for the M-9 armored combat earthmover. With a validated technical data package to support competitive procurement, a fair and reasonable price should be obtained.

The $42.6 million requested for the combat service support functional area provides for continued acquisition of numerous items. Included are air conditioners essential to temperature stabilization of sophisticated weaponry. This equipment supports fielding of missile systems, communications and electronics systems, and maintenance sets. In addition, the fiscal year 1984 request includes funds to buy compressors, firetrucks, heaters, printing/binding equipment, and diving equipment. Each of these diverse items serve a distinct but essential function in sustaining our combat forces.

The fiscal year 1984 petroleum equipment program of $47.8 million continues multi-year programs for essential petroleum storage and distribution equipment. In addition, the funds requested will initiate procurement of the RDF POL distribution system, an operational project including pipeline and storage facilities required for the Army to perform the assigned mission of distributing bulk petroleum products to all land based forces in the rapid deployment force (RDF).

The fiscal year 1984 request includes $12 million to continue buying tactical water distribution system in support of the long-range phase II program to provide water storage and distribution equipment to support the RDF.

The fiscal year 1984 request of $151.6 million for medical equipment represents an increase of 28 percent over the fiscal year 1983 program. This essential functional area provides for procurement of investment equipment for both Army fixed medical facilities and field medical units worldwide. Included is medical care and support equipment for new military construction programs as well as for renovation and modernization projects. Programed funds will equip and modernize the field medical force including both hospitals and medical field units. This functional area also funds procurement of environmental control systems, tactical shelters and the extendable, modular shelters required to field the Army combat zone hospitals. Recent exercises and capability assessments have shown the Army's medical capability to support our ground forces is marginal. The fiscal year 1984 request is essential to equipping an austere medical force structure. Without it, field medical support would be inadequate, would prevent proper treatment of casualties, and would result in the severe erosion of manpower assets that could be returned to duty within a theater of operations. Even with full funding, it will be several years before the medical force structure is adquately equipped to meet minimal support requirements.

The fiscal year 1984 request of $86.5 million for maintenance equipment represents a substantial increase over the fiscal year 1983 program of $13.5 million. Included in this program is the initiation of conventional multi-year contracts for welding shops, and general purpose maintenance shops and a single year procurement for the hydraulic tool repair outfit. For these three maintenance sets, assets on hand only fill 36 percent of our requirement and over 56 percent of these assets are over-age and obsolete. The maintenance equipment to be procured in fiscal year 1984 is needed to increase the readiness of maintenance units, a goal to which the Army is committed.

The construction equipment request of $281.4 million representing approximately 20 percent of the OPA 3 request is of major significance. The fiscal year 1984 program is the third year of a standardization effort to fill existing shortages and replace over-age equipment for eight (8) major combat construction items. This standardization effort utilizes separate competitive multi-year contracts to purchase a single commercial item for each of the eight (8) major pieces of equipment. Chart 5 shows our progress. Chart 6 displays our plan for buying out our procurement objective. With the excellent prices we got on these competitions, the army is able to receive its needed materiels sooner and allow our industry to produce at a faster rate.

When standardization is completed, it will significantly increase the readiness of our combat engineer units. In addition, the fiscal year 1984 program provides for competitive procurement of the small emplacement excavator (SEE), a highly mobile item of engineer equipment to meet increased mobility requirements.

CHART 5

COMMERCIAL CONSTRUCTION EQUIPMENT
SUCCESS

Awarded

5 OF 5 PROGRAMED ITEMS IN 1st QTR 1983

- GRADER
- LOADER
- 250 CFM COMPRESSOR
- PNEUMATIC TOOL SET
- SCRAPER

CHART 6

COMMERCIAL CONSTRUCTION EQUIPMENT
FUNDING & PROCUREMENT DATA

ITEM	PROC. OBJ.	FY82 QTY	FY82 COST	FY83 QTY	FY83 COST	FY84 QTY	FY84 COST	FY85 QTY	FY85 COST	TOTAL QTY	TOTAL COST	CONTRACTOR DATE OF AWARD
GRADER	2187	874	61.2	137	9.9	693	51.2	483	37.2	2187	159.5	CATERPILLAR JAN 1983
LOADER	2101	843	59.9	126	9.0	730	54.5	402	31.0	2101	154.4	J I CASE JAN 1983
COMPRESSOR	1163	115	2.3	145	2.9	240	5.0	663	14.1	1163	24.3	INGERSOLL-RAND JAN 1983
PNEUMATIC TOOL SET	400	291	9.1	109	3.5	NA	NA	NA	NA	400	12.6	INGERSOLL-RAND JAN 1983
SCRAPER	1142	341	45.5	259	35.2	471	66.6	71	10.5	1142	157.8	CATERPILLAR MAR 1983

In addition to trucks, it must be emphasized that watercraft, railcars, and the containerization programs are essential in moving combat troops, combat equipment, and supplies from home station to the point of debarkation in CONUS and finally to the point of embarkation on a foreign shore. The Army is the executive agent for the defense rail interchange fleet, and thus procures the limited assets necessary to meet requirements and meet necessary mobilization needs which cannot be met by the current commercial rail fleet through leasing agreements. The shortage is due to a lack of free assets and nonavailability of flatcars having an adequate loading rating and proper deck configuration. These transportation items represent $81.7 million or 6 percent of the other procurement, Army request. Available air assets are insufficient to move the total tonnage requirements; thus, watercraft must ferry the combat contingent to shore from their deep-draft ships. Current logistics-over-the-shore (LOTS) requirement is approximately 21,000 short tons (ST) daily. Current Army capability is less than half the 21,000 ST daily requirement. Included is the initiation of multi-year contracts for competitive procurement of a commercial landing craft, utility (LCU) and logistic support vessel (LSV), that will provide, with the fiscal year 1984 procurement of 4 LCU's and 1 LSV, an additional 10 percent lift capability.

The fiscal year 1984 request of $73.8 million for the material handling functional area increases the preparedness of moving ammunition and supplies rapidly. It supports the combat force whether it be at fixed locations or in support of the rapid deployment force being supported by logistics-over-the-shore (LOTS). The forklifts required to move the ammunition and other supplies onto and off trucks, ships and railcars are a key link in the total Army transportation system. The fiscal year 1984 program will begin a standardization program for four different sizes of commercial forklifts critical to the efficient handling of ammunition and other supplies.

The final OPA 3 functional area to be discussed is other support equipment which encompasses a broad range of equipment and programs for day in and day out operation of the Army. This category consisting of 27 percent of the other procurement, Army budget activity 3 appropriation includes seven major thrusts. These are: spares and repair parts, production base support, efficiency programs, base level commercial equipment, non-system training devices, host nation support and special programs.

Procurement of spares and repair parts are scheduled to interface with the procurement of new equipment. The production base support program supports planned future year procurements. Efficiency programs include projects for which amortization schedules allow recovery of cost in 4 years or less. Also included is the base level commercial equipment program which implements congressional guidance to use procurement funds for investment-type items required by commands to do their peacetime mission.

Training is an essential part of preparedness, and thus the national training center equipment and training devices are essential to the combat soldiers if they are to be proficient in their military specialties.

In preparing the fiscal year 1984 budget request, the Army has placed an increased emphasis on readiness. We have deliberately set-out to ensure a faster fill of present unit equipment shortages in common and support type items. In addition, there is increased emphasis on the reserve components equipment problems, especially those items that are in the other procurement subaccounts. We also recognize and have planned for increased requirements for common support type items that result from the fielding of new weapons systems.

The fiscal year 1984 increases in procurement of support equipment are reflective of future requirements in this vital functional area. With the past support of the Congress we have come a long way in beginning to redress some of our most critical support equipment problems, in particular trucks and engineer equipment. Beginning in 1984 we will begin to see more visible results of your support of the OPA programs as quantities of equipment purchased in 1982 and 1983 enter the inventory. I hasten to add that we seek your continued support for these programs, well begun, that must be pushed through to fruition if we are to truly correct the serious deficiencies with which our Army must contend.

PROCUREMENT OF AMMUNITION, ARMY

The fiscal year 1984 budget contains $2,334.2 million for procurement of ammunition hardware and support of the ammunition production base. This is an increase of $200 million over our fiscal year 1983 appropriation. However, the fiscal year 1983 appropriation was 20 percent less than the amount requested for that year. The fiscal year 1983 reduction will result in a serious curtailment of training for our soldiers and only a small increase in our war reserve stocks. Our fiscal year 1984 request for $2,334.2 million, therefore, ends up at about the same level as our fiscal year 1982 appropriation.

TABLE 7.—*Procurement of ammunition, Army*

[In millions of dollars]

Fiscal year:	*Amount*
1982	2,322.6
1983	2,122.0
1984	2,334.2
1985	3,404.2

Before discussing this year's budget, I would like to briefly describe how the Army determines its ammunition budget. War reserve requirements are based on computer calculations of ammunition consumed by appropriate force structures during different contingency scenarios. Precise quantities of ammunition needed for training are determined from carefully structured training strategies required to attain and maintain readiness. The total budget is then formed from the cost of that ammunition required for war reserve contingencies and that ammunition required to support high priority training for our soldiers.

The Army continues to emphasize build-up of war reserve inventories to support contingencies and maintenance of the active base until mobilization actions energize and expand the total base for providing the necessary sustained support. Measured in consumption days of supply, this budget will add several days of supply of war reserve stocks.

The fiscal year 1984 ammunition budget request consists of $2,056.9 million for hardware and $277.3 million for production base support. Ammunition hardware provides for worldwide training consumption through the fiscal year 1984 funded delivery period, procurement of modern hardware, and build-up of war reserve stocks toward the authorized acquisition objectives. The hardware request is broken out into the following categories:

[In millions of dollars]

Category:	*Amount*
Training	543.9
War reserve	1,471.7
Nonhardware	41.3
Total	2,056.9

It is important to note that because of a constrained TOA, the $543.9 million for training is only 26 percent of the hardware budget request. This small percentage earmarked for training will, for the second year in a row, have an adverse impact on the training of Army personnel.

The hardware request broken down by type is 40 percent for artillery, 20 percent for small arms, 11 percent for tank, and 11 percent for propelling charges and fuzes. The remaining 18 percent is miscellaneous (mortar, atomic materiel, nonhardware, etc.).

TYPE OF AMMO

[Dollars in millions]

	Percent	Amount
Artillery	40	$830.2
Small arms	20	407.6
Tank	11	225.7
Propellant charge and fuses	11	213.7
Miscellaneous	18	379.7
Total		2,056.9

Now let's address each one of these "types of ammunition" briefly.

ARTILLERY

Almost all of the $830.2 million is essential to provide a war reserve buildup of new, modernized 155MM and 8-inch artillery rounds.

The projectile, 155MM, HE, ICM, DP (high explosive, improved conventional munition, dual-purpose), at $233.0 million and the 8-inch version, at $201.0 million, account for 52 percent of the funding requested for artillery ammunition. These are the new improved rounds used against personnel, vehicles, and light armor.

$123.3 million is requested for the 155MM RAAMS or "remote anti-armor mine system" projectile. $66.4 million is needed for the 155MM ADAM or "area denial artillery munition" projectile. These two artillery rounds can lay down a small mine field targeted either against personnel-type targets or anti-armor targets.

$45 million is requested for the 155MM, RAP round and $39.4 million for the 8-inch, HE, RAP Round. The RAP (rocket-assisted projectile) is a high explosive round with a rocket motor attached to the projectile base which extends range capability.

$22.4 million is requested for the 155MM, WP SMK screening. The white phosphorous provides 5–10 minutes of ground screening smoke.

$18.1 million is requested for the projectile 155MM binary munition. Binary chemical munitions provide for separation of two nonlethal components until the munition is fired or launched. Mixing of the separate components to produce a lethal chemical agent occurs while the munition is in flight to the target.

SMALL ARMS

$111.1 million is requested for 40MM Sgt York/Divad gun ammunition in 4 configurations: (1) an HE point-detonating round, (2) an HE proximity-fuzed round, (3) a target practice round for training, (4) a dummy round for gun system maintenance, loading, downloading, and checkout.

$74.7 million is requested for 5.56MM ammunition for the new squad automatic weapon system. The new 5.56MM bullet has a steel conical insert in the ogive which results in an increased range.

$18.9 million is requested for two new types of 30MM ammunition. An HE round and a target practice cartridge are both used in the XM 230 gun system mounted on the YAH–64 advanced attack helicopter.

TANK

The funds associated with 105MM tank training and war reserve ammunition requirements are for rounds fired from the main gun cannon mounted on tank models, M1, M60, M60A1, M60A3, and M48A5. The budget includes the initial buy of 120MM ammunition for the new 120MM gun system on the M1 Abrams tank. The training rounds are needed to support annual tank qualification/familiarization firing. Funds are also being requested for 165MM target practice training rounds which are fired from the combat engineer vehicle (CEV). The funds for war reserve purchase 105MM and 120MM armor-piercing, fin-stabilized, discarding sabot with tracer (APFSDS–T). The APFSDS–T cartridges, which have increased capability and reliability, will replace the older version of armor-piercing, discarding-sabot ammunition. APFSDS rounds are intended for use against armor targets.

PROPELLING CHARGES AND FUZES

Charges.—Funds of $117.9 million are requested for 155MM and 8-inch propelling charges in support of war reserve buildup requirements and training. The 155MM white bag M119 charge provides mid-range in the M109 series self-propelled howitzers. The 8-inch WB M188E1 charge provides extended range in the M110A1 self-propelled howitzer.

Fuzes.—The proximity, point detonating, and mechanical time fuzes are required to complement on-hand projectile assets at the end of the fiscal year 1984 funded delivery period. Proximity and PD fuzes are required for use with 4.2 inch mortars and 105MM, 155MM, 175MM, and 8-inch projectiles. The mechanical time fuze program supports inventories and planned procurement programs of the new ICM/ADAM/RAAMS family of munitions.

MISCELLANEOUS

Procurement of 4.2" mortar ammunition is for high-explosive and illuminating rounds used in the M30 mortar. Funding supports both war reserve and training requirements.

Procurement of the 60MM mortar ammunition is for the high-explosive cartridge which is loaded with comp B, includes 4 horseshoe increments, includes a waterproofed propellant system, is fuzed with a multioption fuze, and is fired from the M224 lightweight company mortar system.

Planned procurement of the standard 81MM cartridge is for the illumination rounds used in the M1 and M29 mortars. Initial funding is being requested for the new 81MM HE XM821 improved cartridge. This improved ammo is fired from the UK mortar which is smoothbore and provides increased range, lethality, rate of fire, and stability over the U.S. M29A1 mortar.

ATOMIC MATERIEL

Funds of $112.0 million requested provide for three elements: Nuclear weapons support materiel and production of DOD components for 8-inch and 155MM nuclear munitions.

NONHARDWARE

Two line items, components for renovation at $21.9 million and components for prove-out at $12.5 million, are the major programs in this category. Components for renovation funding provides for procurement of ammunition components required for use in renovation of unserviceable assets currently in inventory. Components for prove-out funding provides for confirmation and acceptance of prior year production base modernization and expansion projects to insure that: (1) the manufacturer is capable of producing an acceptable end product, (2) the manufacturer's warranties are met, and (3) the facility is capable of producing at the design rate specified.

The ammunition production base fiscal year 1984 program of $277.3 million has as its principal thrust the continuation of prior year initiatives. In accordance with Department of Defense guidance, the Army is emphasizing procurement of war reserve stocks and financing only those production base projects needed to meet peacetime production requirements. The following summarizes our ammunition production base request.

[In millions of dollars]

	Amount
Provision of industrial facilities	235.6
Layaway of industrial facilities	17.3
Manufacturing technology program	24.4
Total	277.3

The fiscal year 1984 budget includes $30.5 million to support production and replace equipment at 16 active ammunition production plants.

A total of $205.1 million is requested for initial production facilities and modernization and expansion projects, which establish the production base capability to produce the new and more effective modernized ammunition items. New production capabilities is being established or expanded for combined effect munitions (CEM), 155MM artillery ammunition, members of the family of scatterable munitions (FASCAM), 105/120MM tank ammunition, 25MM GAU-12 ammunition and Bigeye chemical bomb munitions. These projects are needed to permit the introduction of these modernized items into the DOD inventory with the resultant increase in the readiness and effectiveness of our combat forces.

Three new projects totaling $90.3 million provide facilities for chemical binary munitions. Two facilities are included in support of the Navy Bigeye bomb for fill, load, assembly and pack at Pine Bluff Arsenal and a commercial facility for the manufacture of QL (chemical component in binary munitions). A third facility for manufacture of the chemical dichloro at a commercial facility is in support of the 155MM binary chemical projectile. In addition, a $12.1 million project at a commercial facility expands the 25MM GAU-12 capability to support Navy programs. A 105/120MM tank ammunition project in the amount of $14.3 million provides facilities for the manufacture of kinetic energy metal parts and their assembly. The family of scatterable mines (FASCAM) project in the amount of $11.9 million provides for expanded capability to load, assemble, and pack the gator and modular pack mine system (MOPMS) mines.

The $17.3 million requested for layaway is for the protection and preservation of equipment and facilities no longer required for active production, but which must be retained for future or mobilization production.

The $24.4 million for manufacture methods and technology (MM&T) is associated with the modernization and expansion program. This program improves ongoing production processes to achieve cost reductions and enhanced health, safety, and energy conservation characteristics. Additionally, this program develops production processes incorporating the latest state-of-the-art technology from private industry to mass-produce the new, more sophisticated munitions.

Our program does have some falls, particularly in meeting our total training requirements; however, in the place of limited resources, we feel it is a balanced program that adds to our war reserve stock and provides the minimum assets for training.

AMMO LINES

Senator **Humphrey**. Thank you, General.

Referring to page 2, the table on page 2, Army budget request. In the ammunition line, what accounts for the dip from 1982 to 1983, and then where we see it come back up again. If it were expressed in 1982 dollars, of course, that would be even greater.

General **Mason**. Yes, sir.

Senator **Humphrey**. With not even a recovery in 1984 to the 1982 figure. What is that all about?

General **Mason**. The dip from 1982 to 1983 is the result of $517 million that was reduced in the ammunition account by the Congress, sir.

Senator **Humphrey**. You say you are $140 million short in training ammunition?

General **Mason**. Yes, sir.

Senator **Humphrey**. The total amount for training ammunition is how much?

General **Mason**. That is $544 million.

Senator **Humphrey**. That is the total requirement?

General **Mason**. No, sir. That is how much we had budgeted. It would be $544 million plus the $140 million.

Senator **Humphrey**. All right. Do you have a percentage figure on that?

General **Mason**. Yes, sir, I think I have it in the summary.

Senator **Humphrey**. Is the $544 million your full requirement?

General **Mason**. No, sir. The full requirement would be $684 million.

Senator **Humphrey**. $684 million, all right.

General **Mason**. Yes, sir. We could only fund $544 million.

Senator **Humphrey**. What is the percentage? Has someone done that?

General **Mason**. Training in 1984 would be 23 percent, sir.

Senator **Humphrey**. A 23-percent shortfall?

General **Mason**. No, sir. The total fiscal year 1984 ammunition program is $2334.2 million of which 23 percent is in support of training.

Senator **Humphrey**. You left me confused. How much training ammunition is your requirement in 1984?

General **Mason**. That is $684 million.

Senator **Humphrey**. That is the requirement.

General **Mason**. Yes, sir.

Senator **Humphrey**. You are requesting $544 million?

General **Mason**. Yes, sir.

Senator **Humphrey**. What percentage is $544 million of $684 million? You are requesting about 80 percent of your requirement.

General **Mason**. Yes, sir. The training request is 80 percent of the total requirement.

Senator **Humphrey**. What percentage of your requirement did you get in 1983, after the cut?

General **Mason**. Sir, it was 69 percent.

Senator **Humphrey**. What was the effect on training of that congressionally mandated cut in 1983?

General **Mason**. Sir, that is a very difficult question to answer. I would like to answer that one for the record.

[The information follows:]

Training Ammunition

General **Mason**. The congressionally—mandated cut in 1983 had minimal effect on training. The cut coincided with the Army's initiative to develop a revised method for calculating training ammunition requirements. Development of the method occurred in fiscal year 1982 after submission of the fiscal year 1983 budget.

Earlier estimates of about a 69 percent satisfaction in training ammunition for fiscal year 1983 have been revised based on lower projections of training ammunition requirements. We now estimate about 87 percent satisfaction of revised fiscal year 1983 training ammunition requirements with the cut imposed. More realistic, reduced requirements have been calculated for fiscal year 1984 and beyond using the revised method. We are currently validating the training strategies (which determine requirements) to insure they are properly supported with ammunition. We envision additional ammunition cost savings in the future as we refine our model and make greater application of simulators, simulations, and devices.

Most serious effect was elimination of 0.45 caliber ammunition procurement. We are now almost totally dependent on war reserve assets for 0.45 caliber training ammunition. 0.45 caliber war reserves will be depleted in fiscal year 1985 even with strict management and constrained training.

Senator **Humphrey**. I realize that is not strictly your department.

General **Mason**. Yes, sir.

Senator **Humphrey**. You say you are going to make up the about $140 million shortfall by reducing training and/or reduction in war reserve stocks.

General **Mason**. Yes, sir.

Senator **Humphrey**. Do you know what that reduction in war reserve stocks might be?

General **Mason**. Sir, we have not made that decision yet but I am certain that it would be of the older munitions, the more standard munitions that have been in the inventory for some time.

Senator **Humphrey**. Do we have an excess of that kind of war reserve material?

General **Mason**. No, sir, we do not have an excess.

Senator **Humphrey**. Do we have a shortage?

General **Mason**. When we get into the closed portion I will show you on a chart the status of standard and modernized munitions for days of supply versus requirements.

Senator **Humphrey**. Yes; can you characterize in open session the shortage in this kind of war reserve stock—serious, severe, moderate?

General **Mason**. Sir, in my opinion the shortage in war reserve stock for the Army is serious.

Senator **Humphrey**. Serious?

General **Mason**. Yes, sir.

Senator **Humphrey**. Is that worse than severe or is that less than severe? Since I used the word "severe" I do not want to mislead anybody.

General **Mason**. Sir, I could use the word "severe" and live with it.

Senator **Humphrey**. You would? All right. I just wanted those in open session to have some sense of what this shortfall means.

General **Mason**. Yes, sir. It is significant.

Senator **Humphrey**. What request did you make of the Department of Army in the area of training ammunition?

General **Mason**. The Department of Defense, sir?

Senator **Humphrey**. Yes, DOD.

General **Mason**. Sir, it was more than we got but I cannot give you the specific number. I do not have that with me.

But it was more than we did get.

[Additional information follows:]

Training Ammunition

General **Mason**. Sir, the fiscal year 1984 Department of the Army request to the Department of Defense for training ammunition was $593.1 million. The Department of the Army training ammunition request in the President's budget is $543.9 million. The budget, therefore, represents a reduction of $49.2 million from the Army's request.

Senator **Humphrey**. DOD reduced the Army's requests?

General **Mason**. Yes, sir.

Senator **Humphrey**. On what basis, sir, what rationale?

General **Mason**. The program was reduced by DOD on the basis of improper pricing, inventory exceeding requirements, oversizing of production base facilities, and prior year production backlogs.

Senator **Humphrey**. How significant is that latter consideration?

General **Mason**. Sir, in general it is not significant. Our production lines are running at minimum sustaining rates on most items due to limited funding. The most economical rate is a 1–8–5 rate. However for those items that have production backlogs, our facilities have the capability to produce at a 2–8–5 or 3–8–5 production rate to alleviate the backlogs. Running production lines at greater than economical 1–8–5 rates is not the best solution but it can be done.

Senator **Humphrey**. What accounts for the rest of this ammunition expenditure—is that just building up war reserves?

General **Mason**. Yes, sir.

OPA 1

Senator **Humphrey**. Now, in the OPA 1 category we see a decline in 1983. This is tactical and support vehicles. You have a very serious problem in that area, is that not correct?

General **Mason**. Yes, sir.

Senator **Humphrey**. A shortage of vehicles and in the condition of those you have?

General **Mason**. Yes, sir.

Senator **Humphrey**. Is this a DOD-mandated number?

General **Mason**. No, sir, this is the Department of the Army. We put the program together, sir, in a balanced manner. I recognize that we are requesting less dollars in 1984 and the Congress appropriated in 1983. But we believe this is a balanced program.

I would like to point out to you, sir, that we just signed a HMMWV contract.

Senator **Humphrey**. Yes.

General **Mason**. This was the first year and we are trying to ramp up on that program.

Senator **Humphrey**. Does that account for the big jump in 1985?

General **Mason**. It accounts for some of it.

Senator **Humphrey**. Most of it?

General **Mason**. It shares the ramp up with the CUCV and the 5- and 10-ton trucks.

Senator **Humphrey**. Well, I know you have to share the shortages but it is a mystery to me how you do it sometimes.

General **Mason**. Yes, sir. In fiscal year 1985 the HMMWV program for the Army would increase by about $166 million. That is a good part of it. I can give you the other numbers.

Senator **Humphrey**. Is there any industrial base constraint on the manufacturer of the tactical and support vehicles? You could spend more money there presumably if you had it; right?

General **Mason**. Yes, sir, we could spend more money. But I do not think that problem is as serious as the production base for ammunition.

TRAINING AMMO

Senator **Humphrey**. Going back again to training ammunition. You stated that you consider the training ammunition request for 1984 to be the absolute minimum.

How do you decide what is the absolute minimum, whatever the Department of Defense tells you to take?

General **Mason**. No, sir. We have a Training Requirements Office that generates requirements. I have a representative with me this afternoon who can explain to you how he goes through generation of those requirements.

It is a STRAC system and I think he can explain that to you, how he generates those requirements.

Major **Sisson**. Sir, I will try not to go into any great length, for I know this could be a very lengthy discussion.

But what I would like to discuss is, we have a system, sir, called STRAC which is the Standards and Training Commission. What we are attempting to do for the first time, is equate the ammunition requirement to a readiness level. We have developed what we call a training readiness condition.

Those conditions, sir, equate to the time that a unit will be mobilized by the President and could be asked to execute the war plans of the Joint Chiefs of Staff.

What I have up here just for the sake of brevity, is one of 38 weapon systems that we have developed a model for. I will only discuss one with you today. I have selected a tank.

What we have done is equate our ammunition requirements to the weapon system and have identified four readiness categories that equate to what it takes to keep a unit qualified and sustained for a certain period of time to execute a war plans mission.

As you see here, for a TRCA tank unit, which encompasses mainly units that are committed to Europe, Korea, and some units in the United States who will be asked to fall in on the POMCUS equipment as we execute our European contingency plan, 134 rounds of main gun ammunition is required per year.

B category units, sir, would go sometime between 15 and 27 days. It would require less ammunition because it will have time to train up before it will be committed.

A C unit, sir, would be going sometime between 27 days and 60 days, and it has even more time to train up. Of course, the last type unit deploys sometime after 61 days, and up to 180 days and would have a lot more time to do what they have to do before being deployed.

We have taken the 38 weapon systems which account for approximately 80 percent of our training ammunition budget and placed it under this system. We are in the process right now, sir, of evaluating our system.

We are prepared right now and have started an evaluation process of this new model that we have developed for the Army. What we are trying to find out is what impact does the current ammunition authorization have in the field, how does it affect our ability to execute the training strategies and standards that we developed.

We have a circular of approximately 200 pages that details out to the commanders how to execute this training strategy. We hope to, over this fiscal year 1983 and by the end of fiscal year 1984, have some evidence of what our program will do to our readiness, sir.

Senator **Humphrey**. Thank you.

Major **Sisson**. Yes, sir.

EMP THREAT

Senator **Humphrey**. All right, OPA 2. What are we doing about this EMP threat in new procurement? Have we begun to address that?

General **Mason**. Yes, sir. In the case of EMP—and I can answer those questions for the record—but we are involved in EMP in the OPA 2 account and we do have some active work going on. Primarily it is done at Harry Diamond Laboratory which is located over in Maryland, on the Beltway.

[Additional information follows:]

Electromagnetic Pulse (EMP)

General **Mason**. We are involved in EMP in the OPA 2 account and we do have active work going on. Primarily it is done at Harry Diamond Laboratory which is located over in Maryland, on the Beltway. We know that EMP can be a serious threat to equipment mission performance in a tactical nuclear environment. Consequently, EMP is addressed during the development phase. Within the past several years, the Army has required that all mission-essential equipment, particularly communications-electronics equipment, be survivable to the EMP threat. The Harry Diamond EMP research work, which also includes an evaluation of other DOD source information, provides the basis for Army EMP tactical hardening criteria. These criteria are applied in the development phase and are carried forward as required designed-in specifications in the production and procurement phase.

Senator **Humphrey**. It is still in the research phase, is that what you are saying?

General **Mason**. Not exactly, sir. EMP research is a continuing necessity to evaluate its impact on new emerging technologies. But the Army EMP hardening criteria base has been documented and published for some time now. Harry Diamond has the capability to do the testing for us. Of course we are doing that testing when we are in research and development and it is carried on in the production.

Senator HUMPHREY. What I am getting at is, have the specs been revised, the purchase specifications, to incorporate EMP protection?

General MASON. Yes, sir. Not in every case. In some cases, in the past, the Army made a deliberate decision to waiver items that were critical to us to have immediately. However, in recent years, every system with EMP hardening criteria has had contract specifications to be met.

Senator HUMPHREY. In the 1984 buy, can you characterize in some way what percentage of the equipment is up to the new specs?

General MASON. Yes, sir. I would say in the 1984 buy approximately 80 percent or more of the major OPA 2 equipment items can meet the criteria.

Senator HUMPHREY. Whose criteria are those? How is that set up?

General MASON. Sir, in most instances those are criteria derived from a NATO standard land forces criteria base.

Senator HUMPHREY. All right, we will go into executive session at the secret level. I ask those who do not have security clearances to leave the room at this time.

[Whereupon, at 3:18 p.m., the subcommittee proceeded in executive session.]

EXECUTIVE SESSION

The subcommittee met in executive session, pursuant to recess, at 3:19 p.m., in room 222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Jepsen, and Levin.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; Marie Chaillet, staff assistant.

Also present: Ron Kelly, assistant to Senator Humphrey; Jon Etherton, assistant to Senator Jepsen; and Kathleen Callahan, assistant to Senator Bingaman.

BIO/CHEM PROTECTION

Senator HUMPHREY. I would like to go into bio/chem protection for the Army, so let us do that before we go any farther. General Mason, can you talk about that, what progress are you making? Can you quantify it in some way?

General MASON. Sir, we are making super progress.

Senator HUMPHREY. "Super" is not acceptable, we need a better quantification. [Laughter.]

General MASON. Sir, we are making planned progress. We are more than satisfied with where we are. For example, in the mask equipment for our soldiers we are asking for $40.4 million this year; at the end of fiscal year 1984 funded delivery period we will have replaced a significant portion of our over-age masks.

Senator HUMPHREY. What does that mean in terms of equipment available to each soldier?

General MASON. Sir, that means, that quantity required to be on hand is [deleted].

Senator HUMPHREY. Complete ensembles?

General MASON. Yes, sir. [Deleted] that would be available in war where people would lose their masks or it would become damaged, until we could procure additional masks.

Senator HUMPHREY. What percentage is that of your requirement?

General MASON. Sir, the [deleted] of our requirement.

Senator HUMPHREY. Good.

General MASON. So, we would have significant fill of that total requirement.

Senator HUMPHREY. How much of your equipment is common DOD wide?

General MASON. Almost all of it, sir. The Army functions as the executive agent for all chemical equipment insofar as common equipment will satisfy the other services. Should the Air Force need a piece of peculiar equipment which the Army and the Navy do not need, then the Air Force is permitted to do that on their own. But they must demonstrate to OSD that they do need it.

Senator HUMPHREY. I can understand why the Air Force might have peculiar requirements, for instance, for pilots.

General MASON. Aircrews.

Senator HUMPHREY. Yes, an aircrew. I saw a demonstration about 2 years ago and it was pretty unimpressive—not to denigrate from the effort—but in terms of the equipment it looked to me like it would be impossible to use operationally.

How are we doing there?

General HANSEN. There have been some improvements. Unfortunately I do not know if the demonstration you saw was the one with the plastic bags that the pilots were still using at that time, sir.

Senator HUMPHREY. Yes.

General HANSEN. There has been some improvement in the mask, but there is a way to go in our aircrew comfort-type equipment. We are working on those initiatives right now. The whole chem/bio area, equipmentwise, is a tough nut.

Senator HUMPHREY. We might want to have a separate hearing on that one of these days. I think it is a vital area and it would be well for us to learn what you are doing there, what you have done and what is going on in research.

From what I have seen, we have a long way to go.

General Hansen, did you have a presentation you wanted to make in executive session?

General HANSEN. Just two slides, sir. I just thought you might be interested to see where we stood on our munitions as far as days of sustainability. [Slide deleted.]

This is the conventional force requirement. This is the computed wartime requirement and the dotted line shows our capability for preferred munitions. Basically, this reflects the high surge sortie period for the first 7 days of a war, and during this period of time you see weapons expenditure in this area.

During the mid-period you see laser guided bombs, our preferred point-type munitions expended, and out here would be our interdiction-type weapons.

Senator HUMPHREY. Excuse me, what does that legend say on the left-hand side?

FLYING HOURS

General HANSEN. This is total flying hours per day, times a thousand. This is the flying hours that we are expected to get based on the number of airplanes that we feel would be available as we progress through the war.

We start out with about 6,000 fighters and then we build attrition into this and multiply it by the number of sorties we expect to get from each airport.

Basically you can see we will only have about [deleted] of antiarmor preferred-type munitions. Now, we can substitute munitions, and what substitution means is that we will take a less preferred munition. For example, instead of using some sort of guided munition against a tank we would use a bomb. We can actually transpose this into this area here as substitute munitions and that would give us about [deleted] worth of munitions.

Now, we still can run out a little bit farther using some more iron bombs. Basically what that tells us is, we have more "dumb" type munitions than we have "smart" munitions. I include that Gator Mine and the CEM as "smart" munitions; I also include them as the preferred munition.

Basically as I said, about [deleted] worth of munitions.

Senator HUMPHREY. You run out of preferred munitions after [deleted]. What has been the trend in the first couple of years in this respect?

General HANSEN. We have made tremendous progress since 1981; 1981 was the transition year when the Air Force began emphasizing munitions. We are now making excellent progress.

Senator HUMPHREY. Since 1981. Where did that line fall below the requirement in 1980, for instance; do you have an estimate? Presently you fall below the requirement after [deleted].

General HANSEN. Yes, sir, after this budget.

Senator HUMPHREY. In 1980, as you recall, we would have fallen below the requirement where?

General HANSEN. We had about [deleted], sir.

Senator HUMPHREY. [Deleted.]

General HANSEN. Yes, sir, and that is a rough figure but that is pretty close.

Senator HUMPHREY. What is going to be the result of this 1984 budget in terms of this graph?

General HANSEN. It would bring it up to about this point right here.

Senator HUMPHREY. Where does it break from the requirement?

General HANSEN. [Deleted] is the break in the aggregate from the requirement. You mean this point right here?

Senator HUMPHREY. I mean in terms of preferred weapons, munitions, we fall below the requirement after [deleted] right now.

General HANSEN. Yes, sir, for antiarmor.

Senator HUMPHREY. After the 1984 budget, will it be [deleted]. Is that right, we are going to go from about [deleted].

General HANSEN. At the end of 1984, about [deleted] in the aggregate.

Senator HUMPHREY. What about 1985?

General **Hansen**. We have made a very large commitment to munitions in 1985. Unfortunately, I did not bring that and I will have to give you a memory number. It is about [deleted] in the aggregate as I recall. That is predicated, as I said, on CEM's, the Gators, and also the A-10's, the Maverick.

As we start getting out in the 1985 time period we have sizable production rates on Mavericks, about 6,000 a year; 7,500 Gators. The Air Force is making a large commitment to munitions.

I would like to also say, the Air Force is fully committed to sustainability in all areas, that includes spare parts. It has been the highest priority, second only to strategic forces.

Senator **Humphrey**. Within the general category of preferred munitions, where are the trouble spots?

General **Hansen**. The trouble spots are—and I do not refer to them as "trouble spots," I refer to them as shortages like in the new Maverick, in the Gator, and in the Durandal. You can see that on the chart. We have a lot of new munitions that are coming in line.

We have some problems, perhaps, with the low level laser-guided bomb. I am not sure about that yet.

Senator **Humphrey**. Technical problems?

General **Hansen**. Yes, sir.

Senator **Humphrey**. I understand that. But in terms of quantities of weapons, which ones are in the shortest supply?

[Slide deleted.]

General **Hansen**. The next slide—you are not going to be able to see that.

Senator **Humphrey**. AIM-9's, for instance.

General **Hansen**. Unfortunately, that is not part of the area that I am responsible for. I can provide that, but that is not within my area of responsibility. I am involved with all of the "other" type munitions, sir.

Senator **Humphrey**. I do not understand the distinction. You are not responsible for all Air Force munitions?

General **Hansen**. I am not responsible for procurement of missiles sir.

Senator **Humphrey**. I see.

General **Hansen**. The GBU-15, the TV bomb that I showed you will be bought out at [deleted] of the requirement in [deleted].

The ramp-up that I can show you in the GBU-15 in 1982 was [deleted] in 1983, [deleted] in 1984, [deleted] in 1985, [deleted] in 1986 with a full buyout of the program in [deleted] it is [deleted].

The runway buster ramps up and we reach the full requirement in [deleted]. We also buy our fuzes by [deleted]. I will say that we do make the defense guidance in all areas in munitions.

Senator **Humphrey**. [Deleted.]

General **Hansen**. Yes, sir, [deleted].

Senator **Humphrey**. Well, we hear that all the time around here. The problem is, with each 5-year plan it always moves up a year.

General **Hansen**. I am pleased with the fact that the Air Force only reprogramed a small amount of money out of the 1982 munitions account. With the commitment that the Chief and the Secretary have made to munitions, I have been at several meetings where they have cautioned us about looking to munitions and spares as an area to reduce, so I feel confident that we will stay on schedule.

Senator **Humphrey**. Senator Levin?

Senator **Levin**. I have some questions of the Army, Mr. Chairman.

Senator **Humphrey**. All right. Thank you, General Hansen.

General **Hansen**. Yes, sir.

Senator **Humphrey**. In fact, unless Senator Levin has questions for General Hansen we can excuse him at this point. Thank you very much.

General **Hansen**. Thank you, sir.

Senator **Levin**. You owe me one, General.

General **Hansen**. Yes, sir. [Laughter.]

I will be back tomorrow, sir; you can collect on that one. [Laughter.]

Senator **Humphrey**. Thank you very much.

General **Hansen**. Yes, sir. Thank you.

Senator **Humphrey**. Do you have a presentation you want to make in executive?

MODERNIZING STANDARD MUNITIONS

General **Mason**. Mr. Chairman, one chart that I thought you might like to see. [Chart deleted.]

Sir, that is what I mean by modernizing standard munitions. These are our days of supply. Can you read that from where you are?

Senator **Humphrey**. I can.

General **Mason**. Fiscal year 1984, which is right here, we have [deleted] of combined munitions. That is a combination of the old standard munitions, left over from Vietnam, and our new modernized munitions.

If you look at the modernized munitions at the end of fiscal year 1984, we only have [deleted]. We are talking about conventional munitions. You can see like the Air Force by the end of fiscal year 1988, we get to [deleted]. Our concern here is that we are not moving rapidly enough into modernized munitions. We wish we could afford to move more rapidly. A day's ammunition or war reserve stocks for the Army costs between $325 and $350 million. The Army simply does not have the money to be able to buy at the rapid rate we would like to.

Senator **Humphrey**. It would be cheaper just to bribe the enemy.

General **Mason**. Yes, sir.

Senator **Humphrey**. Referring to your chart here, modernized weapons, 1983, at the end of 1983 we will be up to [deleted].

General **Mason**. Yes, sir.

Senator **Humphrey**. What would that have been, had Congress not mandated a reduction?

General **Mason**. Roughly, sir, [deleted] because it is between $325 and $350 million a day.

Senator **Humphrey**. Senator Levin?

Senator **Levin**. Does the present 5-year plan then propose that you jump from [deleted] you go [deleted] from 1984 to 1985?

General **Mason**. Yes, sir.

Senator LEVIN. And that means that you are going to add $1.8 billion?

General MASON. Yes, sir.

Senator LEVIN. And you are going to be adding $2.4 billion?

General MASON. Yes, sir; the approved 5-year plan does that.

TRAINING AMMUNITION

Senator LEVIN. Part of my question, I quess, is in relationship to training ammunition. Would you be willing to give up some of this to try to cut your shortfall in training ammunition? For instance, would you be willing to go from [deleted] in order to get adequate training ammunition?

General MASON. But sir, we would not go from [deleted].

Senator LEVIN. From [deleted].

General MASON. No, sir. We think we have given a balanced program, recognizing also that OSD did reduce our numbers somewhat. But we are short roughly $140 million in fiscal year 1984. That would be about half a day's supply.

I would like to answer that for the record and I would have to ask the Chief of Staff, but I think I would prefer to keep the war reserve stocks and see if we cannot find a way to shoot some of the older war reserve stocks, that is from Vietnam, for part of the training and save the money on the modernized munitions.

[Additional information follows:]

5-YEAR PLAN AND TRAINING AMMUNITION

General MASON. [Deleted.] Training made do with what was left by substitution and use of older munitions, munitions in long supply, and war reserve munitions for which the out-year requirement was decreasing because of stockpile modernization.

Senator LEVIN. So, you are $140 million short for training ammunition.

General MASON. Yes, sir.

Senator LEVIN. Was that request for the $140 million, in other words, the full amount in your submission to the DOD?

General MASON. Not all of it was in there, no, sir.

Senator LEVIN. Why is that?

General MASON. Sir, the Army simply did not have the dollars to be able to meet the OSD guidance of being able to buy for the [deleted] by the end of the fiscal year 1988 period, modernize the production base, buy the training, and do the other things that the Army needs to do.

So, it is a fine balance between what are all of those things that we can do, sir.

Senator LEVIN. Well, I was not talking about the war reserve stock, I was just talking about the training ammo.

General MASON. Yes, sir. The reason was simply a shortage of dollars.

Senator LEVIN. So, you are given guidance by the DOD before you make your submission, and you decided to drop that as a lower priority item.

General MASON. Yes, sir. OSD issues guidance to all of the services. They do not tell us how much training ammunition to buy in that sense, but they tell us how many days of war reserve stocks to buy, by a given period. Therefore, it is necessary that we do that.

Senator Levin. They make the decision in terms of your request for war reserve stocks?

General Mason. Yes, sir.

Senator Levin. But they do not make the decision on training ammo, that is your prioritization?

General Mason. They will tell us what size force we are to have and give us the level of training that they are to train to.

Senator Levin. Is the $140 million shortfall something we should be worried about or not?

General Mason. Sir, at one time this year, before we were using the STRAC system, which our representative explained this afternoon, we considered that we were short $390 million in fiscal year 1984. Our training people have reexamined that number to make sure that the field commands estimates were valid. The $390 million has now been reduced to $140 million.

I can ask if Major Sisson thinks we can reduce it any more.

Major Sisson. Sir, we are in the process right now, as I stated to the chairman, we are evaluating the standards and training company mission strategies in the Army. It is only a test right now, to 175-plus battalions.

I would say probably there is going to be some fluctuation in our requirements. Some of our weapon systems will probably go up a little bit, some will go down. I would say probably overall it will be down a little bit more than what we have used in the past.

Senator Levin. My question is, How serious is the shortfall and are you worried about it, or not.

Major Sisson. There are a few items, sir, that we are worried about. If you would like to know the exact amount and the percentages, and the figures. I will be glad to discuss it, sir.

Senator Levin. Well, maybe for the record we ought to have that. If you would submit that for the record.

[The information follows:]

TRAINING AMMUNITION

Based upon the Standards in Training Commission model, examples of high priority shortfalls are:

[Dollars in millions]

Item	Thousands	Amount
CTG Cal .50 4+1	2,500	$4.1
CTG 5.56mm blank/saw	11,667	2.7
CTG 5.56mm ball/saw	17,280	6.1
CTG Cal .45 ball	11,535	2.4
CTG 105mm DS–TP	112	24.7
CTG 7.62mm Match	820	.4
CTG 40mm HEDP	140	2.2
CTG 40mm TP–T (York)	54	5.6
CTG 105mm TP–T	107	21.7
CTG 4.2 inch HE	14	1.7
CTG 30mm TP–T	263	4.2

The total shortfall, some of which is reflected above, is about $140 million. The additional amount is needed to fully support the Standards in Training Commission requirements.

Senator LEVIN. What is the impact of this training ammunition shortfall? Can you tell us in everyday terms what it means, how many rounds per year tank crews fire to maintain proficiency, compared to what they are going to get?

Major SISSON. Yes, sir, I will be glad to discuss that.

Senator LEVIN. Just give us some examples.

Major SISSON. On tanks is the one I brought. With the chairman's diligence I would like to go over just very quickly what I discussed earlier about the STRAC so that you will have a feeling for what is going on.

Senator LEVIN. I tell you what, if you are repeating what you went over earlier in the hearing, do not do it.

Major SISSON. I will not do that, sir.

STRAC TRAINING AMMUNITION QUANTITIES

Tank training readiness condition: A 134; B 96; C 49; and D 39.

What I have here, sir, is tank training rounds per crew, historical record from fiscal year 1980 to 1984. For 1983 we have authorized this amount and we have just started into it. We have the capability to fire—the active component—136 rounds per crew. For the Reserve component we have the capability to fire about 36 rounds. The 136 is non-STRAC requirements.

It looks like with the appropriations that we have now, combining the two major tank training rounds we have, we will also be able to sustain that amount of training in fiscal year 1984 but not in fiscal year 1986.

Senator LEVIN. What is the old requirement goal there?

Major SISSON. The old requirement, as stated before, sir, is 210 rounds in the old manual. Under the Standards and Training Commission we have broken down our requirements based upon our mobilization and deployment, in executing our war plans.

A Level A unit which would be required to go to combat from zero to 14 days would require only 134 rounds per year to maintain its proficiency. A Level B unit, 96; a Level C, 49; a Level D, 39.

We are going to evaluate the new training standards that we have developed for the Army, to see what kind of effect they have on the ability of units to train to standard.

Senator LEVIN. You lost me somewhere.

Major SISSON. I am sorry, sir.

Senator LEVIN. It may be my fault. We are funding 136, that is short. Then the goals or the requirement are less than 136?

Major SISSON. Yes, sir. As I said, we once stated our requirement to be 210, as in the manual. What we have done is, we have come back and looked at our standards and strategies and developed new standards and strategies. We are in the process right now of evaluating them to see how good they are.

Senator LEVIN. The new standards and strategies are all below 136?

Major SISSON. About two rounds below 136 right now.

Senator **Levin**. That is for the ones that require the most, and for the other ones, less?

Major **Sisson**. Substantially less than that.

Senator **Levin**. How would you explain the much lesser requirements under the new standards than under the old standards?

Major **Sisson**. Under the old system, sir, when you take the FM 17-12 and multiply it by the tanks that you have in the unit, you get the requirement. Unfortunately, this requirement was higher than our new system.

Under the Standards and Training Commission we have developed parameters tied to readiness. You have so many days to train before being deployed. No way can our National Guard or our Reserve components require the old 210 rounds because of the limited amount of time they would have to train. Under STRAC (RC) units are treated the same as regular units.

So, what we have done is, we have taken what we think is the amount needed to maintain qualification and sustainment over a given period of time and equated it to the amount of rounds that a crew vehicle needs to fire.

As I stated before, sir, we have not validated that yet. It is only in writing right now. It is out there, starting April 16 and it will go all the way into the last quarter of fiscal year 1984. We will then refine the manual that we have out there and will be able to tell you in better detail what amount of ammunition requirements we need.

Senator **Levin**. Well, it may not be validated yet, but if it is validated, then we are putting a lot more money in there than we need; is that right?

Major **Sisson**. No, sir. STRAC is less than the system we had before.

Senator **Levine**. My time is up.

Senator **Humphrey**. Senator Jepsen?

Senator **Jepsen**. Thank you, Mr. Chairman.

TRANSPORT EQUIPMENT

General Mason, throughout your statement you focus on the need for additional transport equipment for moving troops, equipment, supplies from the point of debarkation to the point of embarkation on foreign shores.

We are currently spending several billion dollars a year to help meet our current shortfalls of everything from fork lifts to C-5 wide-body transports. I am convinced that we may not be doing enough to study innovative ways to reduce the size and the weight of the items that we would need to be shipped in the event of war.

In order to illustrate the potential in this area, I would like to focus on one very important area and that is the one of ammunition. It is my understanding that in some scenarios 70 to 80 percent of logistics and combat operations are represented by ammunition requirements. In terms of space, about 50 percent of ammunition shipments are devoted to packaging which is useless to the men in the field.

What resources does the Army currently devote to the problem of reducing the packaging space requirement?

General **Mason**. The Army has formed a General Officer Working Group to examine this very problem and to develop an action plan to address it. I attended a recent meeting with General Wickham, the Vice Chief of Staff of the U.S. Army—soon to be the Chief of Staff, to discuss our efforts to improve ammunition packaging. General Wickham's mandate was clear—our first priority was to improve deployability. He directed us to find ways to significantly reduce both the size and weight of ammunition packaging. He told me personally to go to commercial packaging companies to see what we could learn about how they package and to look at some innovative ways.

Our next meeting is scheduled for June. I have been tasked with allocating $3.9 million in R.D.T.&E. in fiscal year 1983 to tackle the packaging problem and to reduce the weight and size. So, we are working on that problem diligently today, sir.

Senator **Jepsen**. So, you do recognize that there might be room for improvement and it is a problem?

General **Mason**. Yes, sir, there is significant room for improvement.

ARMAMENT, MUNITIONS AND CHEMICAL COMMAND

Senator **Jepsen**. It is my understanding, further, that DARCOM is responsible for managing ammunition development and procurement through the Army Armament Research and Development Command at Dover, N.J., AR RADCOM, and the Armament Materiel Readiness Command at the Rock Island Arsenal.

As I understand it now, these two commands are in the process of being merged into the Armament, Munitions and Chemical Command at the Rock Island Arsenal, which happens to be in my home town area.

How is the ammunition packaging issue being addressed in this new organization?

General **Mason**. Sir, the soon to be formed Armament, Munitions and Chemical Command out at Rock Island under Maj. Gen. Ben Register will be the focal point for ammunition packaging development within the Army. The work now being done at the Armament Research and Development Command at Dover will continue, but under the direction and command of Major General Register at Rock Island.

Senator **Jepsen**. Which component then, within the AMCOM, will be responsible for managing the portion of the logistics system from the storage warehouse to the ammunition supply points in the field?

General **Mason**. Within AMCOM, the deputy for logistics readiness will be responsible for managing that portion of the system from the storage warehouses to the ammunition supply points in the field.

Senator **Jepsen**. Then, by what mechanism will the need to reduce the logistics burden from the point of debarkation filter back to the research and development community within AMCOM so that package design and other considerations are plugged into the ammunition procurement system from the very beginning?

General **Mason**. The need to reduce the logistics burden throughout the entire logistic continuum from plant, to depot, to port of embarkation, through overseas transport, through field Army combat service support organizations, to the soldier at the gun is well-recognized. We are maintaining a continuous dialog with user representatives worldwide, soliciting and evaluating their recommendations and incorporating their requirements into the research and development process.

Senator **Jepsen**. Has there ever been any estimate on the moneys involved by way of savings that possibly result from a better system of moving and packaging, and so on?

General **Mason**. Sir, I have heard numerous estimates but I have never seen any supporting data that would say any more than maybe 50 percent of the weight of the packaging could be reduced if one did adequate research and development.

Senator **Jepsen**. Thank you, Mr. Chairman.

Senator **Humphrey**. That is a very interesting area that you have inquired into, Senator Jepsen.

General Mason, what progress has been made over the last 10 years? I have the impression that in terms of packaging things are pretty much the same as they have been for 10 or 20 years; is that correct?

General **Mason**. There have been a few things done, sir.

For example, a redesign of 8-inch and 155mm artillery propelling charge containers—that is, squaring the rounded ends—allows greater stacking efficiency and reduces shipping volume. Result is a potential savings in transportation costs of approximately $1 per propelling charge shipped. Other examples include: A smaller pallet designed for shipping 8-inch projectiles that is anticipated to result in a $425,000-a-year savings in shipping costs; and a newly designed bulk pack for 105mm tank gun training ammunition that also promises significant transportation cost savings. To reduce the procurement cost of small arms training ammunition, we are modifying certain packaging configurations, for example, substituting a fiberboard container for the metal can now used to package 5.56mm blank ammunition. The strategy we are pursuing is designed to save dollars without degrading either the effectiveness of training or the readiness of the force.

Senator **Humphrey**. You mentioned that there is a quite a potential for savings of weight and bulk which is critical, given the severe shortage of sea and air lift.

General **Mason**. Yes, sir.

Senator **Humphrey**. Can you tell us where some of these opportunities lie? What, for instance, are you looking at?

General **Mason**. Well, today for example we package tank rounds in wooden boxes in individual fiber containers, and there are ways to improve that. Maybe we should not package two tank rounds to a box because the box is bulky. If you have seen it, it is about so wide and about that long and so deep. There are better ways to package that ammunition.

We are evaluating contingency scenarios for opportunities to reduce ammunition packaging standards. Our analysis indicates that contingency packaging could be developed which would incorporate less expensive, lighter packaging and provide required protection. In addition to reduced cost and weight, other important benefits will be increased volumetric efficiency, easier user access and a reduction in lift needed for resupply. We are now examining the application of such concepts for all major categories of conventional ammunition—small arms, artillery, tank, mortar and rockets.

We are also looking to future technologies.

Maybe there are ways that we can use robots to load ammunition and to move ammunition in the field; we are looking at materiel handling equipment to move pallets in and out of storage depots, for example. Have we configured those pallets correctly; is the weight and balance correct? Need the materials used to package the ammunition cost as much as they do, be as bulky as they are? These are some of the things we are looking at.

Senator HUMPHREY. What is the strictest consideration that drives packaging, prevention of detonation en route, is that correct? I do not know anything about it, I am just guessing.

General MASON. Safety in transportation and storage is what my people tell me, sir. I am not an expert, either.

Senator HUMPHREY. Well, from what I have seen they pack it very adequately with a lot of wasted space, I would think. I would encourage Senator Jepsen to pursue that in cooperation with the services, I think that is a very fruitful area.

Senator Levin wanted to come back so I will continue.

TANK TRAINING ROUNDS

May we have the slide back that showed tank training rounds? The question arises, where in the world did this figure of 210 come from originally? Everyone has been using it as sort of conventional wisdom, I guess. Where did that come from originally?

Major SISSON. Originally, sir, the 17-12 tank gunnery manual.

Senator HUMPHREY. Who stated that, who wrote that in there?

Major SISSON. The Training and Doctrine Command wrote that manual. I cannot say exactly how long, sir. I can find out.

[The informaiton follows:]

AGE OF REQUIREMENT

The requirement for 210 rounds of ammunition per tank per year to conduct tank gunnery is stated in Field Manual FM 17-12-2/C2 Tank Gunnery dated 24 June 1981, on page 86.

Senator HUMPHREY. And you have under way a study which indicates for the active forces that 134 is an optimum number—although you have not validated that yet; is that correct?

Major SISSON. Yes sir; I have a circular in my briefcase called DA Circular 350XX, which is the standards and weapons training circular that is being evaluated, that says 134 would be appropriate.

Senator HUMPHREY. What accounts for the difference, is that the effect of—what do you call it, training aids?

Major SISSON. Simulation, sir?

Senator HUMPHREY. Simulation, yes?

Major SISSON. And miniaturization, plus revamping the way to do tank gunnery, sir.

Senator HUMPHREY. I can understand the former category, but what do you mean, "revamping" the way?

Major SISSON. Basically, we are relooking at the weapon system to incorporate appropriate devices. We are going to change the number of iterations of engagements on our tank tables.

General MASON. Sir, one other thing that will help you reduce the number of rounds required is that you stabilize the personnel assigned to tank crews, keep the crew together.

Senator HUMPHREY. Yes. What are we doing in that respect?

General MASON. Sir, the Chief of Staff has a significant on-going effort, taking us back to the regimental system in an attempt to try to keep people with the same units for longer periods of time.

Senator HUMPHREY. Is that underway now?

General MASON. Yes, sir, it is underway.

Senator HUMPHREY. What effect has it had on maintaining the proficiency of tank crews, reducing the current training requirement?

General MASON. Sir, I would like to answer that for the record. But I think my immediate response is that we have not stabilized the personnel assignments long enough to learn the effect of the stabilization.

[Additional information follows:]

REDUCTION OF TRAINING REQUIREMENT

Selected units are being organized under the New Manning System. This new concept will improve stabilization and reduce personnel turbulence. Stability in the New Manning System (NMS) units should reduce the frequency of training over that conducted in a non-NMS units.

The New Manning System training frequency will be compared to the non-NMS training frequency along with appropriate scores to determine the proper training strategies. Ammunition savings will not be known until appropriate testing and evaluation is conducted on the system.

TANK AMMUNITION SHORTFALL

Senator HUMPHREY. All right. I think the Army has a problem at this point and I would like to get it cleared up somehow. You are claiming a $46 million tank ammunition shortfall for training, that is, training ammunition.

Now, if your new regime is validated then in fact that shortfall does not exist; am I correct in that analysis?

Major SISSON. No, sir. The question here is if we budget against the 210 or we budget against the 134.

Sir, we budget against the 134, based against the weapons densities of the vehicles that will be out there. What happens is we incorporate more tanks into the fleet as we change from the 60 series to the new M-1's. There will be four more tanks added to each tank battalion. We did not budget against the 210 rounds, sir.

Senator HUMPHREY. Well, in that case, why does this line show 136?

Major SISSON. That shows what we have the capability to fire, sir this year.

Senator HUMPHREY. Oh, I see.

Major SISSON. The present assets we have from previous budgets is what we have on the ground. That will give us the capability to fire that number in fiscal year 1984 but substantially less in fiscal year 1986 because of the present budget cuts.

Senator HUMPHREY. Does this line, the 136, this number indicate what you have in the budget?

Major SISSON. No, sir.

Senator HUMPHREY. And the new requirement is 134?

Major SISSON. Yes, sir.

Senator HUMPHREY. I want to be sure the record is correct on this point so there is no misinterpretation.

General MASON. Yes, sir.

Senator HUMPHREY. When is this study going to be validated?

Major SISSON. Sir, it is being validated right now.

Senator HUMPHREY. As late as possible. [Laughter.]

Major SISSON. Sir, No.

Senator HUMPHREY. I am sorry, go ahead.

Major SISSON. It started on April 16 and probably will go all the way up to the third quarter of fiscal year 1984, sir.

Senator HUMPHREY. The third quarter of 1984. So, there is no way at this point of being assured of the outcome. Therefore, until you have a new requirement validated you are sticking with your old requirement. Is that the interpretation?

Major SISSON. That is correct, sir.

Senator HUMPHREY. You have the ability to fire 136 rounds in 1984.

Major SISSON. Yes, sir.

Senator HUMPHREY. If it is funded.

Major SISSON. Yes, sir.

Senator HUMPHREY. I am looking at an Army information paper dated April 14 about training ammunition shortfalls, the total dollar figure of which is $140 million in 105MM ammunition—two categories in any case—out of $140 million total for all ammunition, 105MM in two categories, the shortfall is $46.4 million; is that correct?

General MASON. Yes, sir.

COPPERHEAD PROGRAM

Senator HUMPHREY. While we are waiting for Senator Levin who, I think, wants to focus again on training ammunition, let us discuss Copperhead.

I thought we provided funds last year to finish out that program. What is the status of that program now?

General MASON. Sir, the Congress did provide us $15 million for termination of Copperhead last year. The Army has submitted to OSD a request to use the $15 million—it is a reprograming action—to buy long lead items and continue the production of Copperhead.

To my knowledge OSD is still holding that request. But I would anticipate the reprograming action would be forwarded to the Congress within the next week.

I talked to the Under Secretary of the Army on the telephone today and he is in support of a Copperhead program. I think he would like to have the opportunity to articulate to you in writing how he supports the Copperhead program and the total Army's position on the Copperhead program.

Senator **Humphrey**. Well, are you not in a position to do that?

General **Mason**. Sir, I am not the authority that makes the decision on the Copperhead program. But the Army is in support of the Copperhead program. We believe that it is essential for our Army.

Senator **Humphrey**. Well, as recently as March the Army had decided to terminate the program. What has resulted in this resurrection of the Copperhead program? Is there some improvement in the reliability?

General **Mason**. Well, the reliability of Copperhead was in excess of 80 percent this morning, sir. We are firing Copperhead at White Sands today, in a lot acceptance test. At 1300 today when I left the Pentagon, they had fired four rounds and had four hits.

The reliability of Copperhead has improved. We are diligently working. In fact, last week the Army had a team down at Martin Marietta in Florida, headed by one of our cost analysis experts in an attempt to find ways to reduce the cost of Copperhead. We have done some analytical work that we think clearly demonstrates that the Copperhead can do much for us, sir.

I have with me today Mr. Hunter Woodall. I asked Mr. Woodall to come because he has done some analytical work on the Copperhead. I think he can show you the value of Copperhead and can point out how much it does for us against hard-point targets four km and beyond, up to 10 km within the enemy territory.

Would you like Mr. Woodall to talk?

Senator **Humphrey**. Yes, would you come up, Mr. Woodall?

STATEMENT OF HUNTER M. WOODALL, JR., RESEARCH, DEVELOPMENT AND ACQUISITION ANALYSIS OFFICER, OFFICE OF DCSRDA

Mr. **Woodall**. Sir, I have a handout I brought in order to help us in our discussion.

Senator **Humphrey**. All right. But first, will you tell us why suddenly Copperhead is something we want and can afford, and is effective when as recently as March the Army thought otherwise?

Mr. **Woodall**. The Copperhead, from those of us who have been analyzing it since we initiated the program some years ago has had as a major issue, a lack of usage on the battlefield, that is sufficient enough to make a strong case for its need.

Senator **Humphrey**. So, it is a reliability problem?

Mr. **Woodall**. That is a principal parameter of concern in establishing Copperhead's proper relationship with other systems.

Senator **Humphrey**. So, what has happened?

Mr. **Woodall**. The reliability, through a very concentrated quality assurance program has risen to a number which is back on the road where we expected it to be some time ago.

Senator **Humphrey**. So, it has improved from what to what?

Mr. **Woodall**. The reliability of Copperhead.

General **Mason**. The reliability of Copperhead has improved from being in the 60-percent range to above 80 percent as of 1300 today, sir.

Senator **Humphrey**. Based on today's four rounds.

General **Mason**. But it was above 80 percent this morning, sir, and we have had four good rounds so far. So, I have to believe it, sir. It is better than it was when we started.

Senator **Humphrey**. Well, you had a reliability cumulative total of 85 percent in November, according to our statistics, or as high as 85 percent. So, does that not suggest that it was an affordability problem rather than a reliability problem?

General **Mason**. Sir, I would say that it is always a matter of affordability and being able to find dollars, and to do cost trade offs, and being able to fund the things that are essential.

Senator **Humphrey**. Yes.

General **Mason**. We performed more analytical work, as Mr. Woodall explained, and learned the value of the system. We will try to do the proper trade off to do what is best for the Army.

Senator **Humphrey**. Well, it is kind of a strange thing. A lot of people are going to be scratching their heads. So, why not let Mr. Woodall proceed and maybe we will get some more insight into this.

Mr. **Woodall**. We have a major effort ongoing right now within the Army to look at the contribution of Copperhead to our war fighting ability.

What I would like to discuss here today, sir, is just the relationship as it exists in a performance analysis rather than a full-up force analysis.

As indicated on the handout, there is a count of the warfighting item systems that exist in the Soviet force which is composed of two divisions up and one division back. This force is opposing a single division of U.S. forces in Europe about [deleted] days into a war.

To further define the military situation, the opposing forces are now in the main battle area. It should be noted that the item systems on the U.S. side, the M–1, ITV, Bradley fighting vehicle, all have ranges not quite to the edge of the band range 4 km from the forward line of troops. In other words, these U.S. systems can deal in a direct fire mode with those items of equipment belonging to an attacking force in that region up to reasonable amounts.

The AH–64 with the Hellfire missile is a longer legged system and also operates in that particular region. And as is shown can operate beyond the 0 to 4 km range band, into the 4 to [deleted] band.

The Copperhead, the solid blue bar is identified by the names M–109 and M–712. This is the round which is at issue here today. We will discuss its relationship with other U.S. systems. Primarily as it relates to its "legginess" out beyond where the direct fire systems can operate. The region where either tanks or the Bradley could place fire. Specifically Copperhead's relationship to the M–109 with M–483, the ICM round.

One of the principal reasons for acquiring the Copperhead is to get a point fire capability, an ability to attack a point target, say a tank or armored fighting vehicle, or an observation post which is today an armored vehicle.

It turns out that Copperhead is a very efficient way to attack those targets at the longer range beyond the direct fire weapons. Also it allows one to supplement the fires from the direct fire tanks and Bradley's in case there are too many attackers to be serviced in the region 0 to 4 km.

Now, to the cost which is one of the big Copperhead issues and has been for some time. To give a relationship, the M-109's M-483 round cost is about one-one hundredth of what we currently estimate the Copperhead to cost, about $500 versus $50,000.

First, let's consider the case of attacking a point target. For example, an artillery observation post at around 4 km from the FLOT. To achieve the equivalent damage of a single Copperhead at $50,000, it would require an expenditure of about $190,000 for the M-483 rounds.

Now, let's step back and recognize that there are lots of other target categories out there, for example small area targets which are maybe two to four vehicles located within a hundred meters of each other and a third category, large area targets particularly those in the 4 to [deleted] region. It is here that we have a considerable amount of the artillery which is being used to suppress and kill our forces, as indicated by the 506 depiction of howitzers.

In that particular region I would like to give you an example of using other munitions besides Copperhead. Consider attacking self-propelled artillery, a battery of 152 mm would be deployed in an area approximately 300 meters by 50 meters, a large area target.

Attack with the "dumb" M-483 ICM round with the Firefinder radar to acquire the target will cost about $43,000 to achieve an equivalent damage level as a single round of Copperhead, which uses the RPV for target designation. This illustrates how the type of target (area vs point) is a consideration to select the type of munition to fire.

Another factor that needs to be considered is the number of target categories that are in the target array. About 14 percent are considered in the large area category whereas 44 percent are considered in point target category.

In brief, there is a need for Copperhead and these are sufficient point targets which clearly show it to be cost effective and a wise, good buy.

A last point which needs to be considered in the decision process of the Copperhead is that this is the first real "smart" munition that we are buying for artillery. We in fact, as indicated here, on the hand out have a TOW-2 now, for the maneuver components and have the Hellfire for the aviation component. This is our first real movement into the "smart" munitions for artillery and will allow them to have the ability to deal with targets they have never had the opportunity to deal with in the past.

That completes my brief, Mr. Chairman.

Senator **Humphrey**. Well, is the essence of what you said that you decided to go forward with the Copperhead because in terms of projectile on target it is cheaper, despite its unit cost, it is cheaper than a barrage of 483's?

Mr. **Woodall**. Yes for point targets and small area targets.

Senator **Humphrey**. Is that the bottom line?

Mr. **Woodall**. Yes, sir.

General **Mason**. It is significantly cheaper, Mr. Chairman, I am convinced.

Senator HUMPHREY. And is that the basis of the Army's reversal? Congress mandated a termination of this program. The Army was not in favor of that termination, or was it?

General MASON. No, sir, the Army was not. We have requested dollars in fiscal year 1983 for Copperhead.

Senator HUMPHREY. Well, the Army according to our information terminated Copperhead in two instances during the last year, the COS conclusion, whatever that is. What is that, Chief of Staff, on the 1984 POM.

I am going to ask Mr. Donley to address that point.

Mr. DONLEY. As I understand it, sir, the program was dropped on the Chief of Staff conclusion during consideration of the 1984 POM in the Army, based on cost, reliability and overall scheduling problems.

Later on, the Army began a reliability improvement program which brought system reliability up to the 85-percent objective that had been set, and OSD agreed to put the Copperhead back in the program.

After the budget was submitted, the Army ran into reprograming and eventually production problems which led to another Army review early in March.

At that point, the Army's decision was to terminate the program after completion of the fiscal year 1982 contract. Is that right?

Senator HUMPHREY. You are welcome, General, to defer to any of your colleagues.

General MASON. Yes, sir. The Army did, in a tentative sense, decide to do that. It had not completed final review by the Secretary of the Army to the best of my knowledge, and I know that OSD did not approve that.

Mr. DONLEY. What were the considerations that led to that conclusion?

General MASON. The considerations were costs, and in January the Army did have some problems in the reliability testing, but it was cost, being able to afford the round.

I think the Army did not have the analytical base which Mr. Woodall has been working on and which we are diligently working on now. I had not seen the value of Copperhead against the point target located between four and [deleted] beyond the forward line of troops prior to 2 weeks ago.

I am personally convinced that it is economical and there is a place in the Army for Copperhead and the Army should have Copperhead.

Senator HUMPHREY. We will come back to this.

Senator Levin?

Senator LEVIN. I have no questions on that, and I will remain.

Senator HUMPHREY. All right.

Let me see, what figure do you have in here for Copperhead, $75 million?

General MASON. Yes, sir, and the Marine Corps has roughly $25 million.

Senator HUMPHREY. What kind of a program are we looking at in the outyears, since you want to go forward on this thing?

General MASON. Sir, the Army is requesting a total of 30,142 rounds. For fiscal year 1984 with the $75 million, the Army would buy 1,778 rounds; in fiscal year 1985, $105 million, we would buy 2,262 rounds; in fiscal year 1986, $115 million to buy 2,452 rounds.

Sir, I can provide the remainder of the numbers for the record if you would like me to. I have them with me.

Senator **Humphrey**. Have you done research into shelf life? This is a pretty sophisticated projectile, I am sure, as opposed to a conventional artillery round. What kind of maintenance, upkeep, and problems do you anticipate? Have you done research into that area?

General **Mason**. Sir, we have done some research. I am not knowledgeable enough to provide you specific answers. I would like to provide that for the record.

[The information follows:]

COPPERHEAD MAINTENANCE

From our past studies of Copperhead's storage reliability, we expect its reliability to degrade in a ten year period to no less than 68 percent from its present production reliability average of 80 percent or higher. This reliability gives adequate assurance the round's performance will still exceed its minimum accepted value even after extended storage. This is very noteworthy considering that Copperhead is a wooden round and will not require any funds for maintenance.

Senator **Humphrey**. It is a mighty expensive round and we would hate to buy something that did not have long-term reliability. Do you anticipate that it will?

General **Mason**. Yes, sir, I anticipate it will have a long-term reliability, sir.

Senator **Humphrey**. I wonder if we might have something for the record on your research along these lines.

General **Mason**. Yes, sir.

[Additional information follows:]

SHELF LIFE OF COPPERHEAD

In addition to what I've already said, we did a lot of accelerated aging of many Copperhead components and assemblies during development. Because we specified a "wooden" round requirement, it was essential to have hardware items that would survive gun-launch acceleration rates (up to 8,000 G's) after extended storage periods. The accelerated aging tests are standard methods approved by the government and evaluate component life under conditions of humidity, higher temperature, and voltage.

Senator **Humphrey**. How much it is going to cost to maintain these projectiles, how great a problem it is, what the shelf life is expected to be and so on.

General **Mason**. Sir, there are no maintenance costs for Copperhead, it's what we call a wooden round.

Senator **Humphrey**. For instance, the conventional 105mm shell, what does that cost? You can store those things for decades, can you not, as long as they are out of the elements?

General **Mason**. Sir, we have some that I believe are from World War II.

Yes, sir, we have some from World War II.

Senator **Humphrey**. Training ammunition?

General **Mason**. It is war reserve ammunition, sir; but we may shoot it as training ammunition.

Senator **Humphrey**. What reliability do you have, just out of curiosity, on that old stuff when you fire it?

General MASON. It is just as good as ever.

Senator HUMPHREY. Is that right? Of course, it is really unfair to compare Copperhead with a standard artillery piece, I understand that. But that is the way it is going to be viewed by many, I think.

Getting back to the procurement, you are looking for a program of about 30,000?

General MASON. Yes, sir.

Senator HUMPHREY. You have only given us 3 years here, but how long a buy is that?

General MASON. Through fiscal year 1991, sir.

Senator HUMPHREY. All right, 1991. How great is the danger that because of the expense of this munition that other munition procurement will be squeezed?

General MASON. Sir, I do not envision that as a problem in the immediate timeframe, based on the number of days of supply that I showed you. Mr. Woodall is now working with the Concepts Analysis Agency out in Bethesda. They run the computers to determine how many other rounds of ammunition we can drop out if we buy Copperhead to this number.

But we certainly are a long ways away from the [deleted] which OSD has directed us to acquire. We have sufficient time to find out what that proper answer is.

Senator HUMPHREY. You mean the general guideline for [deleted].

General MASON. Yes, sir, the general guidelines to acquire.

Senator HUMPHREY. It was not OSD who came to the Army and said, "Let us go forward with Copperhead."

General MASON. No, sir. What I am talking about is the OSD guidance to acquire [deleted] war reserve stocks.

Senator HUMPHREY. Right.

If we are going to embark on this program we would certainly want to know the procurement costs in the outyears have been anticipated so that other essential kinds of ammunition are not going to be shortchanged and purchased in smaller numbers. Have you done that projection?

General MASON. Yes, sir, we have done that projection. But I should also tell you that the Under Secretary of the Army has put together a team, as I said, that went to Florida and they are diligently making every attempt to reduce the cost of Copperhead.

Senator HUMPHREY. What about learning-curve assumptions, are you assuming any kind of reduction in unit cost?

General MASON. Yes, sir, that is part of it. Another aspect we are looking into is possible competition on Copperhead. If you cannot compete the Copperhead itself—that is the entire round—possibly we could compete the subcontractors that support the Copperhead program.

Senator HUMPHREY. Is this a conventional 105mm round behind or exclusive of the guidance package?

General MASON. This is a 155mm.

Senator HUMPHREY. That is 155?

General MASON. Yes, sir, and it has a guidance section and a control section with wings and fins. You shoot it out of a 155 howitzer.

Senator HUMPHREY. I assume it is the front end that is different. The back is the same?

General MASON. The front end is different and the back end is also different because of the wings and fins that come out.

Senator HUMPHREY. So, it is completely different, really.

General MASON. Yes, sir.

Senator HUMPHREY. Senator Levin?

COPPERHEAD PROJECTED COST

Senator LEVIN. Just a few questions on the Copperhead, General. What was the original projected cost of the Copperhead? Use any year's dollars you want, and then in constant dollars if you would, and what it costs now.

General MASON. Sir, the number that I have, 31 December, 1977, to buy a quantity of 110,236 Copperheads, produced at a rate of 3,000 per month would cost $9,832—escalated.

Senator LEVIN. In what year dollars?

General MASON. Those were escalated dollars, it would be "then-year" dollars, sir, whenever that would be.

Senator LEVIN. That was 1977?

General MASON. Yes, sir, that was on 31 December, 1977.

Senator LEVIN. What is the comparable figure for now?

General MASON. Sir, we are saying today that its present average procurement unit cost is $49,700, and those are in escalated dollars that run all the way from the initiation of the program through fiscal year 1991 procurement, which I discussed earlier.

Senator LEVIN. So, it is about five times more than originally contemplated. Is that right, about five times more than originally contemplated?

General MASON. Yes, sir, that is part of it. You see, originally the requirement was 132,650 in 1975 and we are now talking about a purchase of 30,142.

Senator LEVIN. Putting aside the differences in procurement amount and the production rate just for a moment, if we are comparing costs you are saying that we now estimate a cost of $49,700 on the average, compared to $9,832 on the average; is that right?

General MASON. Yes, sir.

Senator LEVIN. Part of the reason for that is that we are going to acquire 30,000 instead of 132,000; is that what you are going to tell us? Is that what you already started to tell us?

General MASON. Yes, sir. I believe that there are two factors. The first point is that the estimating on the cost was bad, and second, I believe that the reduction in quantity had an impact.

Senator LEVIN. Have there been any changes made in the design?

General MASON. Yes, sir, we are making some changes in the design.

Senator LEVIN. Does that explain the increase in the cost?

General MASON. Sir, I have to answer that for the record.

[The information follows:]

COPPERHEAD COST INCREASE

The unit cost increase for design changes is approximately $2,500 dollars. Most of the cost increase is due to estimating changes and the reduction in procurement.

Senator **Levin**. All right. Was this in 1977 a firm, fixed-price contract, do you know?

General **Mason**. No, sir, it was not. The fiscal year 1982 is. Mr. Byron just pointed something out to me, sir, that I think is worthy to include in our testimony. Joe, would you make the point?

Mr. **Byron**. Sir, when we first submitted the fiscal year 1980 Copperhead budget, the initial first-year procurement buy, the unit cost was estimated to be $31,570 a round. After we got to full-scale production in the fourth-year buy, we estimated the unit cost to level off to $24,066. These were escalated cost estimates for an approved buy of 44,386 rounds.

Senator **Levin**. And now it is going to level off to what amount?

General **Mason**. Sir, the best number I have is the number that I just gave you, and that is in escalated dollars.

Senator **Levin**. Well, there have been tremendous increases in the costs, whether it is from $9,800 to $47,000; whether it is from $5,500 to $31,000, which are the figures that I have in constant 1975 dollars. We are still talking about increases in costs somewhere between 400 and 600 percent. I am trying to get to the reason for that.

One of the reasons is, it was miscalculated. The other reason is that there have been reductions in quantity. Now my question is on the contracting issue, when did we turn from to a fixed-price contract? Was that starting in 1982?

General **Mason**. No, sir. We modified the fiscal year 1981 contract from cost plus to firm fixed price. And the fiscal year 1982 also is firm fixed price.

Senator **Levin**. But this was a procurement contract which was not a firm fixed price contract at its inception.

General **Mason**. The fiscal year 1981 contract was cost plus initially and changed to firm fixed price. The fiscal year 1982 contract has always been firm fixed price.

Senator **Levin**. Does that explain part of the cost in your view?

General **Mason**. Senator Levin, having run some programs—and I ran a program, the Stinger—the cost was essentially in the ball park with Copperhead. I think it is extremely difficult to determine the costs of a weapon that contains the types of electronics contained in Copperhead.

I do think that after 2 or 3 years you can diligently work to find what the cost should be, and be able to arrive at a fixed-price contract.

Senator **Levin**. Have we changed the requirements for Copperhead as to what goals they would have to meet?

General **Mason**. The reliability has changed. OSD instructed the Army that the reliability of Copperhead must exceed 80 percent, before we could produce more than 200 Copperheads per month.

The Copperhead facility at Martin Marietta was facilitized for a rate of 700 rounds per month.

Senator **Levin**. Have they met 80 percent of the specifications now?

General **Mason**. Sir, we are in excess of 80 percent.

Senator **Levin**. All of the specifications?

General **Mason**. For reliability, yes, sir.

Senator LEVIN. And none of the specifications have been changed?

General MASON. Not to lower the reliability requirements, no, sir. We have not lowered any of the requirements to my knowledge on the Copperhead product round.

Senator LEVIN. So, the requirements have not been lowered and 80 percent, at least, of all requirements are now being met?

General MASON. Sir, I do not understand your term "requirements."

Senator LEVIN. I do not either. [Laughter.]

Let me struggle for a different word, you used it, I used it. I probably used it first and confused you. Specifications?

General MASON. Sir, I tried to say reliability.

Senator LEVIN. Well, there are a lot of different measurements to reliability.

General MASON. Yes, sir.

Senator LEVIN. Has it met 80 percent of the reliability measurements that are required of it?

General MASON. Yes, sir.

Senator LEVIN. Is that the right word, measurement, requirement, specification?

General MASON. Requirements.

Senator LEVIN. We are back to requirements, all right 80 percent. Now, how many different requirements are there?

General MASON. I will have to answer that for the record, sir, I cannot tell you. But I should tell you that when it was initially tested in the lot acceptance tests, Copperhead had a reliability in the 60-percentile range, as I testified earlier.

[The information follows:]

RELIABILITY OF COPPERHEAD

Presently, Copperhead is subjected to monthly production lot acceptance testing and its requirement is 80 percent. The contractor has the opportunity to win a reliability incentive award for satisfying this requirement. This opportunity is provided in our fiscal year 1981 and fiscal year 1982 firm fixed price contracts. Also, should any production lot fail to meet the acceptance standards, the contractor will rework the lot to meet the standards at no additional cost to the government.

OSD did not authorize the Army to exceed a production rate of more than 200 per month until it met the 80 percent, realizing that Copperhead was facilitized for a rate of 700 per month. So, that can partially account for some of the earlier costs.

Senator LEVIN. Your 80-percent figure, does that mean that 80 percent of the Copperheads that are fired will hit the target?

General MASON. No, sir. Do you want to answer that, Mr. Woodall?

Mr. WOODALL. Eighty percent of the rounds will function properly 100 percent of the time.

Senator LEVIN. Do what?

Mr. WOODALL. Will function properly, do its thing. To say it will hit will depend upon a lot of other factors, of whether or not the laser beam is maintained on the target in the last few hundred meters of flight, that sort of thing.

Senator LEVIN. When you say "do its thing," are we talking about accuracy? How many different measurements are there?

Mr. WOODALL. We are talking about maintaining an accuracy envelope within tolerance when, within the last boundary condition of turning to the target it will actually hit the target.

Senator LEVIN. How is that different from hitting its target 80 percent of the time?

Mr. WOODALL. Because the target may have moved out of line of sight, you cannot guarantee that.

Senator LEVIN. All right, thank you.

General MASON. Or the laser that was lasing the target may have, for example, been turned off or has gone bad.

Mr. WOODALL. At the wrong time.

General MASON. At the wrong time.

Senator LEVIN. So, it will but for those exceptions outside of the control of this particular operator, this particular projectile, it will hit that target 80 percent of the time or better; right?

Mr. WOODALL. There are a lot of other factors to be considered. If in fact there is no interruption in the line of sight, the enemy does not try to countermeasure with smoke or something like that, yes, it is 80 percent.

Senator LEVIN. This is all set forth in a contract somewhere.

Mr. WOODALL. No, no, some of these factors are not in the contract.

Senator LEVIN. Well, how do we decide that it has to meet an 80-percent requirement instead of 75 percent?

Mr. WOODALL. The 80-percent requirement is for round reliability, i.e., projectile reliability. It did not say that the contractor had in fact to design a system that would assure a hit probability under all possible conditions.

Senator LEVIN. Mr. Chairman, if we could I would like for the record the provisions of the contract that relate to the specifications on reliability, the Army requirements on reliability outside of the contract, and the internal decisions to go ahead when we would. The testing, to give us an idea what tests have been made when, and what the results of those tests are.

Are these going to be additional tests on Copperhead?

Mr. WOODALL. Sir, we are still testing. We are doing lot acceptance tests for production now.

General MASON. We are firing today, sir.

Senator LEVIN. We are trying to fire a few here too, as a matter of fact. I hope yours are more accurate than mine.

If you could give us the results of these tests. If these tests are satisfactory, will that be the end of the testing?

General MASON. No, sir. As part of the acceptance of it, we fire 13 rounds from each lot that is made by the company to insure that the rounds are reliable.

Senator LEVIN. If the lot does not meet the reliability test, what happens?

General MASON. We reject the lot, sir, and the contractor must go back at his own expense because at this point he is on a fixed price contract, and fix those rounds to meet that reliability.

Senator LEVIN. How many are in a lot?

General MASON. Today, sir, we are producing, I believe, about 300 rounds per month. A lot is one month's production.

Senator LEVIN. So, it would be about 13 out of 300.

General **Mason**. Yes, sir.

Senator **Levin**. If you could just give us all that data to help us understand the reliability issue here. There sure seems to be a reversal in position in 1 year.

General **Mason**. Yes, sir.

Senator **Levin**. I think from killing the contract to accelerating it. It is like going from cold to hot instead of from lukewarm to lukecold, or whatever the opposite from lukewarm is.

It seems like a tremendous reversal of position here and I would like to know a lot more about it, Mr. Chairman, in terms of the reliability specs and requirements, the testing, if we can get that information. The other questions I have I will just offer for the record.

Senator **Humphrey**. All right.

If the Senator from Michigan can stipulate the information he wants, we will be happy to secure it. The problem is, we are not quite sure what to ask for. I guess I have that same problem.

Senator **Levin**. Let me try to repeat it.

Senator **Humphrey**. Sure.

Senator **Levin**. What I would like is the contract provisions on the reliability requirements, starting in 1977, I guess. That is No. 1.

No. 2 would be the internal Army requirements or DOD requirements on what we would require in order to continue the program.

I do not know if that 80-percent figure comes from the contract or the 80-percent figure is a DOD figure. I presume it is a DOD figure. So, I would like to see the origin of that figure to see whether that has changed, or whether we always said, "Either 80 percent on target but for these exceptions," or have we changed that. So, I would like to track that through the years.

Then I would like to see the results of the tests through the years. They are three different types of information. Also the tests which are ongoing now. I think we ought to ask for the results as they unfold because of the history of this program. Those three different types of information.

Senator **Humphrey**. Can you supply us with answers to those questions, General Mason?

General **Mason**. Yes, sir.

[The information follows:]

COPPERHEAD TESTING

General **Mason**. [Deleted] The original estimates of probability of hit and probability of kill were low for lack of empirical data which necessitated a high projectile reliability requirement.

[Deleted.]

Even though a 53 percent reliability would satisfy the required kill probability, the Secretary of Defense in December 1979 established Copperhead's required reliability at 80 percent to improve its performance after extended storage, and limited production to 200 rounds a month until 80 percent was demonstrated. In December 1982, OSD accepted Copperhead's performance of 84.6 percent in Lot Acceptance Testing as meeting this requirement.

Throughout development reliability problems that could have halted the program were resolved, and the program continued. During DT/OT II (1979), major improvements were made in the following Copperhead components which were susceptible to transportation vibrations.

Wing release mechanism; roll rate sensor; cable routing and hardening; control Actuator Assembly; battery; and projectile Container.

The present reliability requirement, 80 percent, is being met by the prime contractor. Monthly lot acceptance tests are conducted under the provisions of the existing fiscal year 1981 and fiscal year 1982 Firm Fixed Price contracts. The fiscal year 1982 contract provides the contractor the opportunity to receive an award fee, for exceeding the 80 percent requirement (up to $3 million for an average reliability of 85 percent of higher). In Lot Acceptance Tests since July 1982, there have been 107 hits out of 131 rounds fired for an average reliability of 82 percent. Since the beginning of production, October 1981, the following improvements in manufacturing procedures and hardware have been implemented to increase Copperhead's reliability to its present level.

Improved lubrication of slip obturator; revised procedures for wrapping and securing the main electrical cable at the warhead and control section interface; increased production yields concurrent with actual production learning experience; improved supplier quality assurance; qualification of a new voltage regulator and a new dual starting battery; elimination of an electrical cable test connector used during development and initial production testing; improved stiffener material for thermal compression bonding of the main electrical cable; and replacement of the control actuator wire harness with a new semi-rigid flex harness.

Only one principal area of concern remains. Of the total 24 failures, there were 11 that had apparent gyroscope problems. An intensive effort is ongoing to resolve the anomolies that occur in the function of the gyroscope lock release and initiation of the gyroscope.

Senator HUMPHREY. Let me ask just a few more and then we will adjourn. What is the scenario for firing a Copperhead, how would the request for that projectile be generated?

General MASON. The request for the projectile could be generated for example, sir, if we were using our remotely piloted vehicle and it were flying over enemy territory and observed a hard point single target. That data is available to the fire support center by way of the data link that is available. He has a television picture, so he observes the hard point target.

He also knows exactly where that target is by coordinates, based on where the remotely piloted vehicle is. He also has a laser range finder. So, he can gather all the data to know exactly where it is and immediately call a fire mission for a Copperhead weapon.

At the time they launch the Copperhead and the round is on the way he can have the laser as part of the RPV lased to the TV camera and just turn and lase the target. As he lases the target, the Copperhead flies to and destroys the target. That is the ideal way it would be done.

Senator HUMPHREY. Right. Now, is the target lased as soon as the projectile is fired?

General MASON. No, sir, you do not have to do that. The target is lased during the last 15 seconds of Copperhead's flight to the target.

Senator HUMPHREY. I would imagine that there is a power supply problem in lasing.

General MASON. Yes, sir. I believe it is the last 10 seconds of flight. I can provide the specific number for the record.

[The information follows:]

LASER POWER SUPPLY

General MASON. No, sir. The lasing time of 15 seconds for the RPV and the ground laser designator is intended to provide proper guidance for the projectile and reduce the designator's vulnerability to countermeasures.

Senator HUMPHREY. This RPV you talk about is not considered to be a part of the Copperhead weapon system.

General MASON. Oh, no, sir.

Senator **Humphrey**. That is a multipurpose RPV.

General **Mason**. It is a multipurpose remotely piloted vehicle.

Senator **Humphrey**. What other uses in laser designation are there for the RPV?

General **Mason**. Sir, the Army is currently reviewing the program. Some of the uses of RPV currently envisioned are signal intelligence, communications, electronic warfare, and jamming.

Senator **Humphrey**. How long is the Copperhead in flight out to [deleted] kilometers, for instance?

General **Mason**. Sir, I will have to provide that for the record.

Senator **Humphrey**. No estimate?

General **Mason**. It would be less than a minute.

[The information follows:]

COPPERHEAD FLIGHT TIME

General **Mason**. Sir, about 40 seconds.

Mr. **Woodall**. It has a fly-out pattern. Copperhead has wings and fins that make it considerably different from normal artillery shells.

Senator **Humphrey**. Getting back to this reliability business, that projectile has to leave the tube 80 percent of the time; is that it?

General **Mason**. No; it has to leave the tube and it has to function as it was designed to function, for 80 percent of the time.

Senator **Humphrey**. What does that mean?

General **Mason**. Sir, that means that while it is in flight it does not explode prematurely; it does not go off course; that it goes where it was designed to go, given that those things which Copperhead cannot control continue to function the way they were designed.

Senator **Humphrey**. Right.

General **Mason**. The laser continues to lase the target.

Senator **Humphrey**. Has there been any difficulty in the sensor aboard the Copperhead in acquiring the laser?

General **Mason**. We have had a problem, sir, in the release of the gyroscope locking device. A total of 11 failures out of all the failures we have had relate to the gyroscope.

Senator **Humphrey**. Which is how many?

General **Mason**. We have had 27 failures.

Senator **Humphrey**. Out of how many attempts?

General **Mason**. Something like 110, 112. But it comes out such that the reliability is well above 80 percent.

Usually we know exactly why we had a failure. That is, a battery did not fire, a battery did not work, or some electronic component failed. In those cases where we can identify that, we are making redundant circuits to insure that does not happen again.

We have had 11 failures with the gyroscope. We have an intensive investigation ongoing to study the entire lock and release mechanism to find the problems and fix them.

Senator **Humphrey**. What about failures attributed to G forces? How many "G's" does this thing take, 30 or something?

General **Mason**. Yes, sir, I can answer that for the record, but we have never had that problem.

[The information follows:]

LAUNCH ACCELERATION

The projectile must withstand a launch acceleration up to 8,000 G's. We have not experienced any failures due to launch acceleration since production started in October 1981.

Senator HUMPHREY. All right, we will more than likely request further information in writing for the record.

General MASON. Yes, sir.

Senator HUMPHREY. It is possible we might want to have a special hearing on this system.

You are testing this now where, firing it where?

General MASON. We are firing it at White Sands today, sir.

Senator HUMPHREY. How long does this phase go on?

General MASON. Sir, usually no more than 1 or 2 days. This is our lot acceptance test done once each month.

Senator HUMPHREY. I see.

General MASON. We generally do it at White Sands.

Senator HUMPHREY. Do you have films or any such thing?

General MASON. Yes, sir, I have a film of Copperhead hitting the target. I would be most delighted to provide that. We will provide our legislative liaison officer with a copy of it before May 6, 1983.

Senator HUMPHREY. All right. Thank you very much, we appreciate your cooperation.

General MASON. Yes, sir.

Senator HUMPHREY. The subcommittee stands adjourned. Will you supply that information within 15 days please, sir, calendar days?

General MASON. Yes, sir.

[Whereupon, at 4:42 p.m. the subcommittee adjourned, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1984

THURSDAY, APRIL 28, 1983

U.S. Senate,
Subcommittee on Preparedness,
Committee on Armed Services,
Washington, D.C.

READINESS AND OPERATION AND MAINTENANCE BUDGETS OF THE U.S. AIR FORCE AND ITS RESERVE COMPONENTS

The subcommittee met in open session, pursuant to notice, at 1:21 p.m., in room 222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Levin.

Staff present: Michael B. Donley, David S. Lyles, professional staff members; and Marie Chaillet, staff assistant.

Also present: Ron Kelly, assistant to Senator Humphrey.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator Humphrey. The subcommittee meets this afternoon to receive testimony on the readiness related conditions, preparedness policies, and fiscal year 1984 authorization request of the Air Force.

Gentlemen, welcome. My apologies for being late, and likewise for having to postpone this session from the other day.

Our witnesses this afternoon are Lt. Gen. John T. Chain, Deputy Chief of Staff for Plans and Operations; Maj. Gen. Truman Spangrud, Director of the Budget; Brig. Gen. Alfred G. Hansen, Director of Logistics Plans; Brig. Gen. (S) Charles D. Metcalf, Deputy Director for Operating Appropriations; Maj. Gen. Sloan R. Gill, Chief, Air Force Reserve; and Maj. Gen. John B. Conway, Director, Air National Guard.

General Chain, will you lead us off, please?

STATEMENT OF LT. GEN. JOHN T. CHAIN, DEPUTY CHIEF OF STAFF FOR PLANS AND OPERATIONS, U.S. AIR FORCE

General Chain. Yes, sir. Mr. Chairman, I welcome the opportunity to appear before you and your committee today to discuss the combat capability of the U.S. Air Force.

I have a more detailed statement that I would like to submit for the record.

Senator **HUMPHREY**. Fine. We will include the full statement of each of the witnesses.

General **CHAIN**. Thank you, sir.

With your permission, I will only make a few opening remarks and then ask two of my associates to make short presentations.

In the past few years, the United States has made progress in strengthening the Air Force to meet the growing Soviet threat. With strong public and congressional support, we have laid a firm foundation for a long-term program—one which will help insure peace and security for ourselves along with our allies. We need to continue that momentum.

Toward that end, we have attempted to structure a balanced Air Force. To do that, we have carefully constructed four pillars to support our combat capability.

First, our force structure or the size of our forces.

Second, its modernization or the technical competence of that force.

Third, its readiness or the ability for that force to go to war.

Fourth, its sustainability or the ability of that force to stay in war and win.

People understand end items such as airplanes or missiles, so they understand force structure and modernization. People do not understand to the same degree readiness and sustainability.

Therefore, your knowledge of these issues is applauded, your past support is appreciated, and your continuing support to help us attain and maintain a balanced program is sought.

[The prepared statement of Lt. Gen. John T. Chain follows:]

PREPARED STATEMENT BY LT. GEN. JOHN T. CHAIN, DEPUTY CHIEF OF STAFF FOR PLANS AND OPERATIONS, U.S. AIR FORCE

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the combat capability of the U.S. Air Force.

In the past 2 years, the United States has made reasonable progress in strengthening the Air Force to meet the ever-growing Soviet threat. With strong public and congressional support, we have laid a firm foundation for a long-term program—one that will help insure peace and security for ourselves and our allies. We need to continue the momentum.

For many years the Soviet Union has been outspending the United States for new weapons systems. The Soviets devote an estimated 15 percent of their gross national product [GNP] toward their military investment—roughly more than twice our effort. We are now seeing the results in the modernization and growth in numbers of Soviet missiles, aircraft, ships, and tanks.

This Soviet arms buildup is shifting the balance of power. With its growing military strength and ability to project power, the Soviet Union is more confident in its ability to reach political objectives using force and intimidation. We need only observe the continuing Soviet brutality in Afghanistan, the political coercion of Poland, and the increasing subversion in Central America, Africa, and Asia.

MILITARY STRATEGY

The threat determines our policies which determine our strategies and which, in turn, establish our military requirements for forces—their size and shape. The administration's national security policy provides the basis for the military strategy by which our national military objectives can be achieved across the spectrum of conflict. Our military strategy is straight-forward. First, deter war—anywhere on the spectrum, both conventional and nuclear. To do so, our peacetime strategy is to maintain a balance of Conus-based and forward-deployed conventional, non-strategic and strategic nuclear forces. Second, should deterrence fail, use sufficient force to deny the enemy military victory. Nevertheless, we will limit the scope of conflict, terminate it as soon as possible on terms favorable to the United States and its friends and allies, but prepare to sustain our forces if required. To execute this strategy, we must size our forces and provide the requisite support to accomplish our objectives. This is the military capability we need to successfully carry out our national policies.

MILITARY CAPABILITY

A comprehensive discussion of preparedness must actually consider overall military capability including the four major components of force structure, modernization, readiness, and sustainability. If we are to have the overall military capability to first deter war or second, to deny an enemy victory, all four components must be in proper alignment. The budget request currently before you is the result of a most determined effort to program for optimum military capability in a balanced fashion.

While national priorities preclude immediate realization of our full military requirements, the fiscal year 1984 budget provides for measured growth in all areas of military capability. With your support, this growth will continue and it will increase our overall capability without the disastrous effect of forced tradeoffs such as we experienced in the 1970's.

As you are aware, the extremely constrained defense budgets of that period compelled decisions to procure force structure and modernization at the expense of readiness and sustainability. While these decisions resulted in much needed increases to both the quantity and quality of our aircraft inventory, the sacrifices in the areas of readiness and sustainability created a situation from which we are not yet fully recovered. During this period, our readiness measurably declined, morale suffered, and training opportunities were lost.

More recently, Air Force determination and congressional support has done much to rectify the situation. During the last two years, we doubled the funding for readiness and sustainability and are now starting to see positive results. Our crews are flying more—training more effectively—and our stocks of munitions and spare parts are increasing.

We cannot be satisfied with the first signs of improvement, however. We must continue to strive for the best possible military capability. We must maintain, for immediate employment, sufficient forces necessary to resolve any conflict at its lowest possible level on terms favorable to the United States. The highest affordable state of training; the sustainability of our forces through a projected likely period of combat; the proper force structure mix to meet our assigned roles and missions; and the foresight to choose affordable numbers of new weapons systems and cost effective modification of existing weapons; each must receive careful, deliberative attention.

PRIORITIES

Any discussion of preparedness or combat capability must derive from an understanding of the roles and missions of the Air Force, the potential threat, and the guidance we have received outlining where we must be prepared to commit our combat resources. Our combat capability, therefore, must be viewed with regard to all these elements. As we seek to measure capability, we must reflect changes caused by such factors as expanding roles and missions, changes in the production rates, quality and deployment of Soviet and Warsaw Pact forces, and changes in our civilian leadership's defense guidance. Each directly affects our capability to deter war and, failing deterrence, to deny an enemy their political and military objectives. In consideration of these factors and, additionally, to correct our most pressing deficiencies, we have set the following priorities: modernize the strategic nuclear forces; improve readiness and sustainability of the general purpose forces; increase airlift capability; modernize and expand the tactical forces.

As we briefly review our present and planned capabilities, the impact of these priorities is evident.

FORCE STRUCTURE AND MODERNIZATION

Strategic forces

President Reagan's Strategic Modernization program is designed to improve the retaliatory capability of our strategic forces, restore our strength relative to that of the Soviet Union, and assure that the Kremlin is denied any prospect of success in nuclear conflict. The Air Force is responsible for implementing most of this comprehensive program. The following actions in support of strategic moderization are continued in the fiscal year 1984 budget.

Fielding 100 B-1B bombers and procuring approximately 3,000 air launched cruise missiles, while also pursuing the development of an advanced technology bomber.

Improving our ICBM forces by continuing development of Peacekeeper and pursuing survivable basing.

Enhancing command, control, and communications to ensure warning of enemy attack communication with our strategic forces.

Upgrading our air defense capability by replacing F-106 interceptors with F-15's and improving our atmospheric warning, surveillance, and control assets.

Tactical forces

To maintain the most effective tactical air arm, the Air Force is committed to realistic tactical modernization and expansion programs. Our tactical forces should be able to quickly achieve air superiority and provide critical air support to our ground forces. Our modernization program for tactical forces will enhance our capability in these roles. This program emphasizes three key objectives:

Building the capability to attack and destroy surface targets at night and in adverse weather conditions.

Improving effectiveness through better sensors, avionics, and weapons.

Developing tactical aircraft designed to meet the threat of the 1990's.

As we modernize our tactical forces, we also need to ensure an adequate force size and mix of aircraft. Our global requirements dictate an increase in our tactical fighters to an interim goal of 40 tactical fighter wings. Our current program provides for attainment of our 40 tactical fighter wings in fiscal year 1988. This 40-wing force does not fulfill the full requirement, but represents an achievable force composed of the following aircraft mix: F-15, A-10, F-16, F-14, F-111, EF-111, and F-4G.

Our non-strategic nuclear forces are tactical systems composed of dual capable aircraft and the Ground Launched Cruise Missile (GLCM). For our dual capable aircraft, we are seeking improved delivery capabilities including range, survivability, and night/weather. Forward deployed in-theater, GLCM will place deep enemy targets at risk and will compound the defensive position of the Warsaw Pact. Now in the final stage of development, GLCM requires continued support to ensure that the system is deployed on time.

FORCE PROJECTION

A fundamental element of U.S. military capability is the ability to rapidly project military forces worldwide. Force projection assets include airlift and air refueling aircraft.

Airlift

Airlift provides the response and flexibility required for immediate contingencies. Since we do not control the time and place of combat, we have to be able to move quickly to defend our interests anywhere in the world. Without elaborating in detail, it is sufficient to state that our airlift capability falls critically short of planned requirements. The shortfall exists for both strategic intertheater lift and intratheater capability. These deficiencies must be eliminated to ensure an effective force projection capability. Efforts underway to revitalize our airlift capability include:

Modifications to the existing fleet such as the recently completed C-141 stretch program and the C-5 wing modification.

Acquisition of 50 C-5B's.

Multi-year procurement of 44 KC-10's.

Continued development of the C-17.

Aerial refueling

Because of our global force projection requirement, all of our combat aircraft now have air refueling capability. Consequently, we have experienced a substantially increased requirement for aerial refueling. Our current tanker fleet of 615 KC-135's and 12 KC-10's will eventually be expanded by 48 more KC-10's. We are also modernizing our fleet of KC-135's by reconfiguring it with the new CFM-56 engine. Designated the KC-135R, this modified aircraft will do the job of 1.5 KC-135A's and will have a greatly extended service life.

READINESS AND SUSTAINABILITY

While force structure and modernization give us the size and technical sophistication needed, readiness and sustainability are essential for our current ability to deploy, employ, and stay for the successful conclusion of combat. Readiness and sustainability are even more intrinsically linked than force structure and modernization. Readiness is essentially a Pre D-Day measure, carrying into the initial stages of combat and sustainability is a Post D-Day measure continuing throughout the conflict. There are often hazy lines dividing these two components of military capability. Spare parts, for example, are both readiness and sustainability items. A large percentage of spares must be possessed before a unit is ready to engage in initial combat. For this reason we will consider readiness and sustainability together. The major elements contributing most to readiness and sustainability are people, training, and logistics (equipment and supplies).

At any given time, the status of these resources is the primary determinant of current capability. That is, the ability of the existing force structure to accomplish its assigned wartime taskings. In this respect, readiness and sustainability are more related to preparedness than are force structure and modernization.

People

Ultimately, our capability as an effective Air Force depends on our people. Recent combat has shown again that well-trained, well-led, and highly motivated people win battles. When discussing the impact of people on readiness and sustainability, we must consider both manpower authorizations and personnel management practice. For fiscal year 1984, we are asking for an increased end strength growth of 20,100 military personnel. The purpose of this increase is to provide numerous readiness initiatives as well as to accommodate force structure expansion. Manpower increases in the following areas contribute significantly to our readiness: B-52 G/H flying hour increase; prepositioned equipment/WRM; medical war readiness/basing adj; critical skills conversion; B-52 weapon systems trainers; chem-bio defense; airbase ground defense (2 flts); rescue and recovery aircraft maintenance; command, control, and communications; and aerial port airlift maintenance.

Once our manpower requirements have been defined and authorized, the task becomes one of recruiting and retention. The best equipment that money can buy will not provide us security without quality people on board. When a highly trained pilot resigns, when a seasoned crew chief hangs up his or her uniform, years of irreplaceable experience are lost. In contrast to the 1970's when too many of our experienced people walked out the door, we are now retaining experience and attracting high quality recruits as well. As a result, our combat capability is improving. However, in spite of these successes, the recruiting and retention environment is fragile because of the uncertainty of the impact of a stronger economy, falling unemployment rates, a declining youth population and anticipated private sector competition for skilled people. With continued shortages and low experience levels in certain critical skills, the Air Force is working hard to rebuild our experience base by sustaining the momentum of the past 3 years. To do this we must continue to take care of our people by providing the entitlements they have earned and deserve. If we cannot, we will face serious problems in the future.

Training the force

Without question, training is our most important readiness activity. Properly trained people, along with proper equipment, produce our immediate deterrent posture and our ability to fight and win in combat. Our goal is to provide the United States with the best trained Air Force in the world. To achieve this goal, we must train as we intend to fight. We plan to continue with the most aggressive and realistic training possible.

Our commitment to realistic training is best illustrated by our extensive exercise and deployment programs. In large scale exercise such as Red Flag, our aircrews routinely experience the most demanding combat environment available in peacetime. During these exercises, our crews fly against simulated enemy aircraft and ground defenses. They have the opportunity to deliver live weapons on realistic simulated enemy targets.

Our joint exercise program is another important element of operational training. Our units participate in exercises with the other Services and the forces of our allies. As a major part of the JCS exercise program, we deploy and employ forces under the joint command arrangements we would experience in wartime.

Another successful training program is totally force-oriented and involve deploying active duty, National Guard, and Reserve units overseas to their intended wartime operating locations. Once in place, they become familiar with their operating base as well as local weather and terrain. They gain valuable experience by working side-by-side with allied forces and participate in multinational exercise.

Achievement of the realistic training described above is contingent upon our flying hour program receiving the fullest support. This is the largest of all Air Force training programs and equates to 35 percent of the Air Force O&M budget. The fiscal year 1984 flying hour program reflects an increase of 3 percent above the fiscal year 1983 level. This increase supports an expanding aircraft inventory, trains replacement aircrews and increases the readiness levels of our operational aircrews. Tactical aircrews, for example, are scheduled to fly about 20 hours per month in fiscal year 1984. This compares to an average of 18 hours in fiscal year 1982 and 13 hours in fiscal year 1978. Also addressed in the fiscal year 1984 budget are the next generation training aircraft and improved flight simulators.

The expansion of non-flying support training is also of major importance. In fiscal year 1984, the quality of training for our enlisted personnel will be improved as we stress training in technical and critical Air Force specialities. Fiscal year 1984 initiatives in this area include increasing the number of TDY allocations for formal training. We have also enhanced technical training required for new weapon systems by providing additional resident training and more instructors for field training detachments.

Logistics

The logistics portion of the readiness and sustainability equation includes spare parts, munitions, and fuels. These assets are required to support our peacetime training and the initial surge at the outbreak of hostilities, and to sustain our forces until the industrial base can be mobilized to meet our wartime requirements. Aircraft modifications also play an important role in readiness and sustainability. Our logistics objectives reflect preparedness for a prolonged conventional conflict and the need for adequate reserves to stay and win.

Adequate funding for replenishment spares is vital to peacetime readiness and wartime sustainability. There are three categories of aircraft replenishment spares: Peacetime Operating Stocks (POS), War Readiness Spares Kits/Base level Self-Sufficiency Spares (WRSK/BLSS), and Other War Readiness Materiel (OWRM). The POS spares support our peacetime training and form the baseline of our spares requirements, to which we add assets needed to support deployments and combat operations. WRSK/BLSS spares support initial wartime surges. OWRM assets provide wartime sustainability capability until industry mobilizes and can satisfy our wartime requirements.

As previously stated, the introduction of new weapons systems in the late 1970's was accomplished at the expense of fully funding our replenishment spares account. As new weapons entered the inventory, our replenishment spares requirements began to grow. At the same time, inflation and reduced quantity buys caused the prices of spares to increase. As a result, funds programmed for replenishment spares and in the early 1980's became inadequate. With the fiscal year 1981 supplemental and amended fiscal year 1982 budget, the Air Force, with good congressional support, began to correct the spares shortfall.

The fiscal year 1984 budget continues emphasis on correcting past shortages. Approximately $5 billion has been requested for spares in this budget submission. In fiscal year 1984, the Air Force would fund the C-5A aircraft to the full sustainability objective. The C-5A will achieve the capability when spares are received from fiscal year 1984 procurements. This milestone marks the first aircraft the Air Force will have with readiness and sustainability capability since the Air Force began a concerted effort to fund readiness and sustainability accounts in fiscal year 1981.

Stockfund

The stockfund contributes to Air Force readiness and sustainability by providing consumable repair parts to maintain our weapons systems, equipment and facilities, and other consumables such as fuel, medical supplies, and rations. The fiscal year 1984 budget requests funds for prepositioned war reserve materiel and OWRM, including aviation fuel. Additional requirements have also been included in the fiscal year 1984 budget for inventory to support significant increases in force structure and activity levels. These increases were made to comply with congressional guidance to seek direct appropriations for building inventory to support force modification rather than financing inventory build through the pricing mechanism.

Aviation fuel

In the fuels area, wartime requirements have grown significantly over the past few years. This growth is projected to continue over the 85-89 POM years. Identification of Southwest Asia requirements, higher sortie rates for tactical aircraft, and higher utilization rates for Military Airlift Command [MAC] airlift are the primary reasons. We are programed to build on-base fuel storage through host nation support, NATO infrastructure programming, and the military construction program. The Defense Logistics Agency is also programming to acquire wholesale storage to hold additional Air Force war reserves. These storage initiatives will not be enough, however, to offset our projected growth in war reserve requirements. We can expect to see about a one-third shortfall throughout the FYDP.

Modifications

With the low numbers of new aircraft being produced we are keeping our older aircraft far longer than before. New capabilities to cope with the changing and increasing threat more often than not are provided through modification of existing aircraft. For instance, we are nearing completion of the EF-111 modification to provide tactical jamming capability. A large part of our tanker shortfall will be alleviated when we complete the reengining of the KC-135 to increase its range and fuel load. The B-52 is being upgraded with a new offensive avionics system, cruise missile capability, improved Electronic Countermeasure [ECM], and for selected B-52G's we are providing a Harpoon carriage for a maritime role.

The modification program also includes structural modifications to extend aircraft life consistent with longer retention. Wing modifications are on-going for the C-5, C-130, and the KC-135 fleet.

Another problem with aging aircraft is the requirement to replace tube-type avionics and analog computer technology with modern, reliable systems. B-52 radars and flight control systems, F/FB-111 avionics, F/FR-4 radars and inertial navigation systems, and numerous common systems such as radios, radar altimeters and air data computers are a few of the many modifications being accomplished to solve supportability problems and to provide improved reliability.

In the course of this review we have focused on both our current and programmed capability. Let me assure you, however, that in spite of the apparent wide range of deficiencies, we remain a highly capable force and we are improving at a steady pace. To further illustrate our current capability, I would like to give you some idea of what we were able to accomplish in the Air Force last year.

During the year, fighters from the total force—active, Air National Guard, and Air Force Reserve units crossed the oceans 524 times on tactical deployments. In all but 10 occasions the planned number of aircraft arrived in place on time and ready to fight.

In one exercise in the 1st Tactical Fighter Wing at Langley Air Force Base, Virginia, 1,072 F-15 sorties were flown in 4 days—a 3.8 sorties rate per day—with a 94 percent in commission rate throughout the exercise. The average time to ready an aircraft for its next mission after landing—what we call turn time—was 24 minutes.

We activated our first TR-1 reconnaissance aircraft wing in Europe at RAF Alconbury in the United Kingdom. The aircraft gives us a substantially increased capability to identify targets in extremely well defended geographical areas while providing a substantially improved measure of safety for aircraft and crew.

The first 4 of 18 NATO E-3A Airborne Early Warning and Control aircraft were delivered to NATO. These aircraft, the only weapons system to be collectively purchased and operated by the Alliance, provide continuous border surveillance and air defense capability to Western Europe.

The final C-141B Starlifter cargo aircraft was delivered to MAC in June. These stretch versions of the C-141A were delivered ahead of schedule and under cost.

MAC continued to provide support for Joint Chiefs of Staff exercises. In Jade Tiger 83, MAC aircraft provided 4,500 equivalent C-141 hours to support the exercise in Oman, Sudan, and Somalia. Thirty-eight missions delivered almost 800 short tons and 790 personnel to support F-15, B-52, and E-3A aircraft participating in the exercise.

Gallant Eagle 82, a Rapid Deployment Joint Task Force exercise, began with one of the largest tactical airdrops ever accomplished. Eighty-seven aircraft, 58 C-141's and 29 C-130's, delivered 2,300 troops and 260 tons of five drop zones on the Fort Irwin, Calif., reservation.

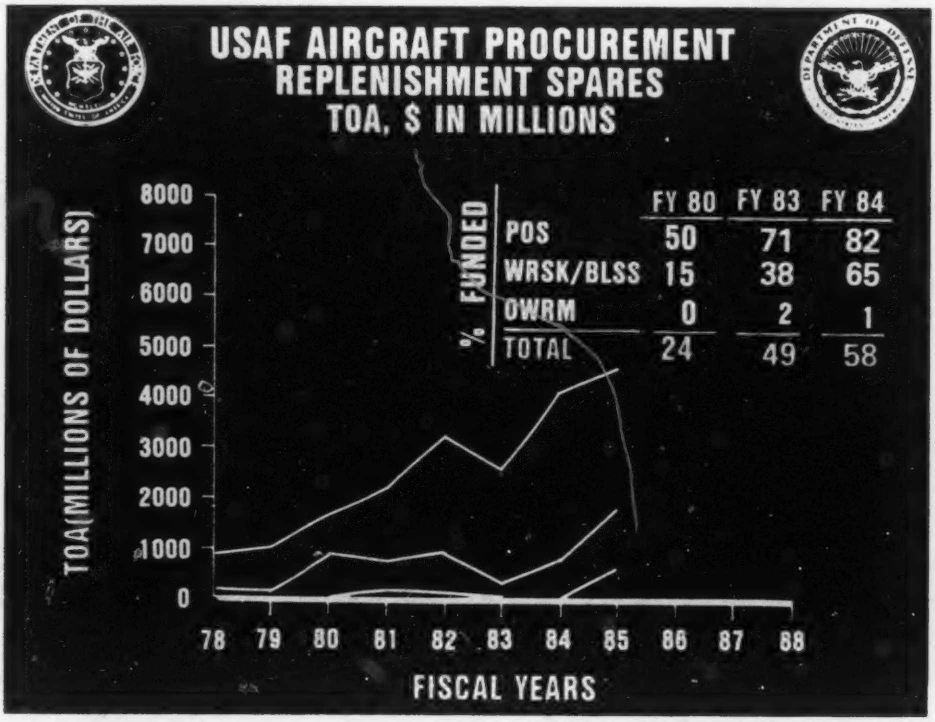
In September, MAC conducted the largest airdrop ever accomplished in Europe. Twenty C-141B's departed Pope and Charleston Air Force Bases with elements of the 82d Airborne Divisions, air refueled twice, completed the airdrop and returned to Charleston with a third air refueling enroute. From departure to recovery, the mission elapsed time was approximately 21 hours.

The improved capability indicated by these examples may, in large measure, be directly attributed to the efforts to this subcommittee and others in the Senate and House. Your ability to educate and inform the membership of both parties on the many issues affecting combat capability has had a measurable and lasting impact. In the areas of readiness and sustainability, which receive so little public attention, your continued support is imperative. Programs in these areas are designed for steady, incremental growth. Any significant disruptions will shift the balance of our military capability posture and compound the problems we are striving to overcome.

General CHAIN. I would now like to intoduce General Hansen who has a short briefing.

STATEMENT OF BRIG. GEN. ALFRED HANSEN, DIRECTOR, LOGISTICS PLANS, U.S. AIR FORCE

General HANSEN. Thank you. It is nice to be back again today. Yesterday I briefed you on munitions. Today I will be discussing another important aspect of readiness and sustainability, aircraft spare parts.



This chart shows 1978 through 1988 funding. As you can see, funding went from a low in the 1970's through the period of time when the Air Force put more emphasis on force structure, as opposed to readiness and sustainability.

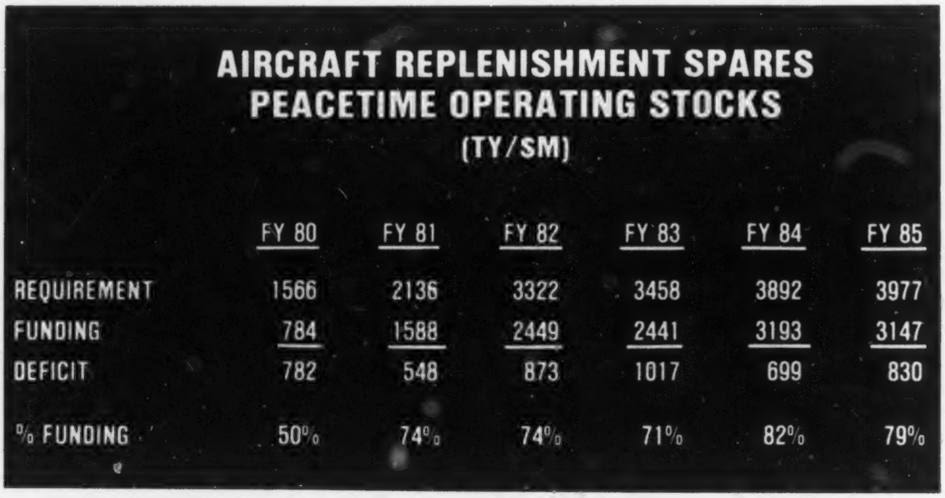
The important thing to note is that there has been a good trend in our funding area, specifically the areas that the Air Force breaks down and starts into POS, which is peacetime operating stock. Those are the spares that we use to attain our readiness, we train our aircrews with, and we insure that our airplanes will be ready in the event of a conflict.

And our WRSK and BLSS, which is our wartime ready dispersed kits and our base level spare support, give us the ability to fight the first 30 days of a war. The WRSK goes with or mobility forces. For example, the F-15 organization down at Langley if it was to deploy, it would take a 30-day capability with it, whereas our overseas forces in Europe would have an in-place kit with them at that point because they would fly and actually fight in-place.

Once again, you can see that there has been a considerable effort to go ahead and increase funding in that area.

OWRM, which is other war readiness materiel, and that is the materiel that we use to sustain ourselves until such time as the American industrial production base can go ahead and start supplying it with the necessary spares, has never fared too well. I will show you a little later on in the briefing that the Air Force in 1985 has taken a concerted effort to go ahead and fund as much of these spares as possible.

But you can see funding has more than doubled since the period of time we are talking about. So, we are making progress in the spares area.



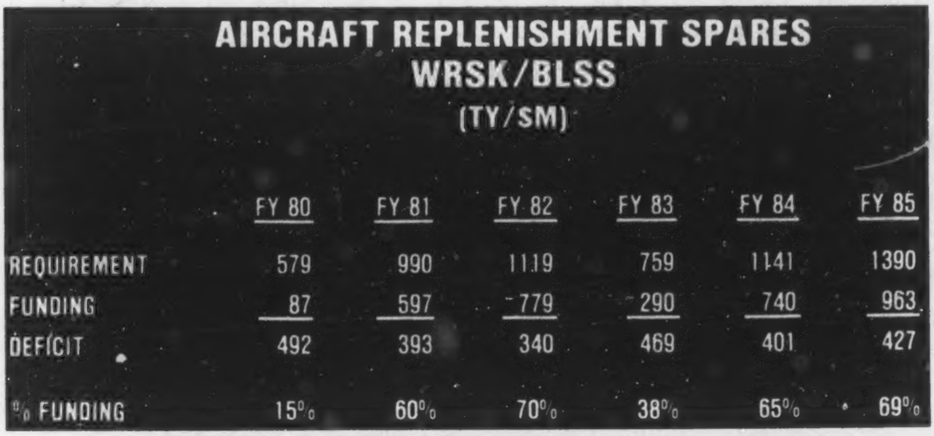
AIRCRAFT REPLENISHMENT SPARES PEACETIME OPERATING STOCKS

(TY/SM)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
REQUIREMENT	1566	2136	3322	3458	3892	3977
FUNDING	784	1588	2449	2441	3193	3147
DEFICIT	782	548	873	1017	699	830
% FUNDING	50%	74%	74%	71%	82%	79%

This chart breaks down peacetime operating stocks. The point I would like to make is that it does continue to show the ramp up. There is a short drop down in 1983 and that was as a result of an underestimation of requirements in 1982. I am sure you may have heard something about that in the past few months, that the Air Force did miss its mark during that period of time. I will discuss that a little bit later on also.

In 1985, although this reflects an $830 million shortfall, just in recent months during the 1985 POM exercise the Air Force has fully funded that $830 million and now, in 1985, this will reflect 100 percent.

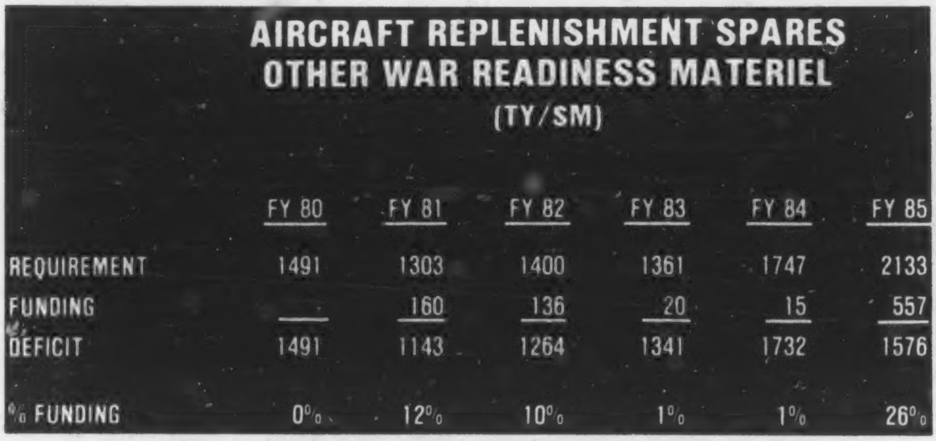


AIRCRAFT REPLENISHMENT SPARES WRSK/BLSS

(TY/SM)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
REQUIREMENT	579	990	1119	759	1141	1390
FUNDING	87	597	779	290	740	963
DEFICIT	492	393	340	469	401	427
% FUNDING	15%	60%	70%	38%	65%	69%

Moving now to our WRSK and BLSS. Once again in 1983 you can see the dip and this is the result of taking our war-readiness supplies and moving them into our POS area to go ahead and continue our readiness aspect. Actually the way the spares must be funded is, first you have to take care of your readiness requirements, your peacetime operation, and then you look to your mobility of forces, and then finally you go to your OWRM.



AIRCRAFT REPLENISHMENT SPARES OTHER WAR READINESS MATERIEL

(TY/SM)

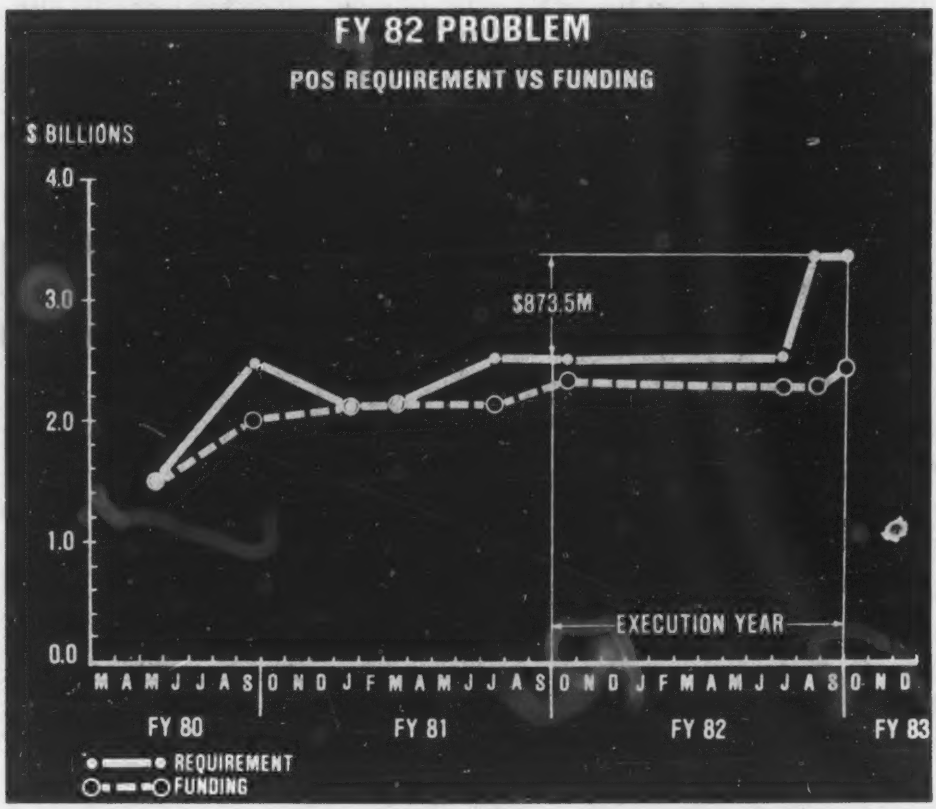
	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
REQUIREMENT	1491	1303	1400	1361	1747	2133
FUNDING	—	160	136	20	15	557
DEFICIT	1491	1143	1264	1341	1732	1576
% FUNDING	0%	12%	10%	1%	1%	26%

Those are basically the priorities that we have used.

Once again, in 1985, we have made a commitment and this will reflect 100-percent funding in our WRSK and BLSS. So, there are two major areas that we have fully funded in 1985.

In our war readiness, not a very good track record over the years I am sure you will agree, as low as 1 percent and as high as only 12 percent in 1981. In 1985, we have been able to raise this number to about 70 percent.

The Air Force leadership has given direct guidance to the Air Staff to make sure that readiness and sustainability will be given a high priority and that has been reflected in our submission.



I said earlier that we had a little bit of a problem in 1982. This reflects coming into the execution year of 1982 relatively fully funded. The difference between the funding line and the requirements line as we entered the execution year was fully $200 million.

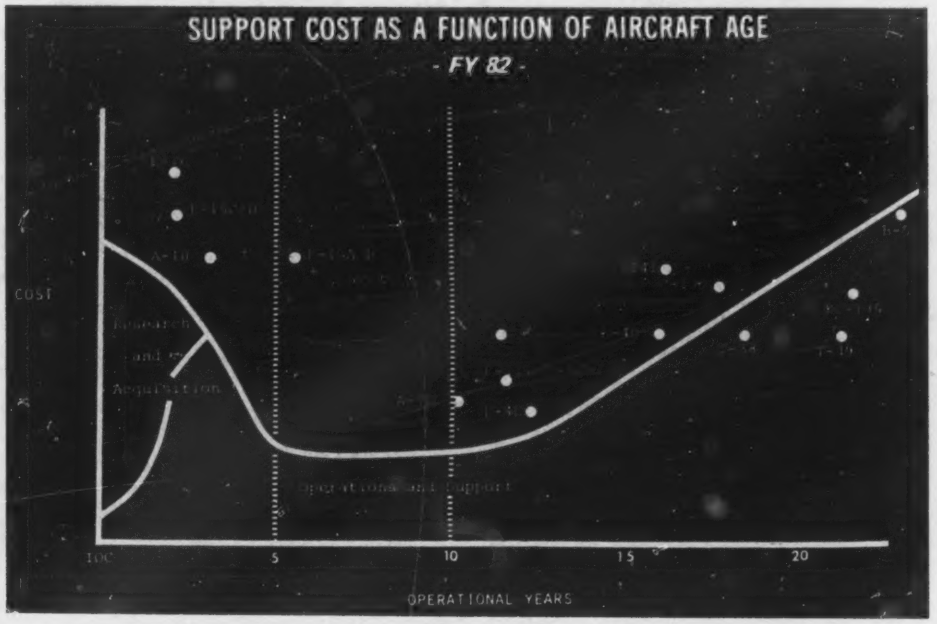
As we got down toward the end of the execution year, we found that we had grossly understated our requirements by almost $1 billion; $873 million to be exact. The leadership was quite concerned that we did not realize that until the latter part of the year—to put it mildly.

What had happened, at the midyear point when we normally take our spares requirements validation check, we had converted to a new computer and the program did not take in the computer. We had decided at that time to delay running that program until the end of the year. Actually, it is an archaic system. It takes 77 days to process the Air Force's spares program.

So, by the time we realized that the system was not valid we delayed it to the end of the year, and at that point we found out that we had an increase in requirements of $873 million.

Now, as we analyzed that, we realized that it was not that we had missed the normal spares usage requirement but there were several additive items that had occurred that we had not thought about. We had increased break rates; we had increased engine failures; there was some increased inflation that we had not taken care of. We had used the DOD index of 6 percent when actually the inflation rate was considerably higher than that.

But basically it was increased spares requirements mainly as a result of aging airplanes and high-time engines, and things of that nature.



I think the next slide will graphically show the problem that the Air Force is facing with the age of our airplanes. This bathtub slide shows the cost of supporting an airplane from the acquisition time when the cost is naturally very high, when you have your research and those added on costs. About the 5th year, though, it does balance out, between the 5th and the 10th years.

This is the most cost-effective period of time as far as maintaining airplanes. Now, the 12th year it starts to ramp up and actually exceeds the high cost of acquisition in the initial year. You can see what we are faced with.

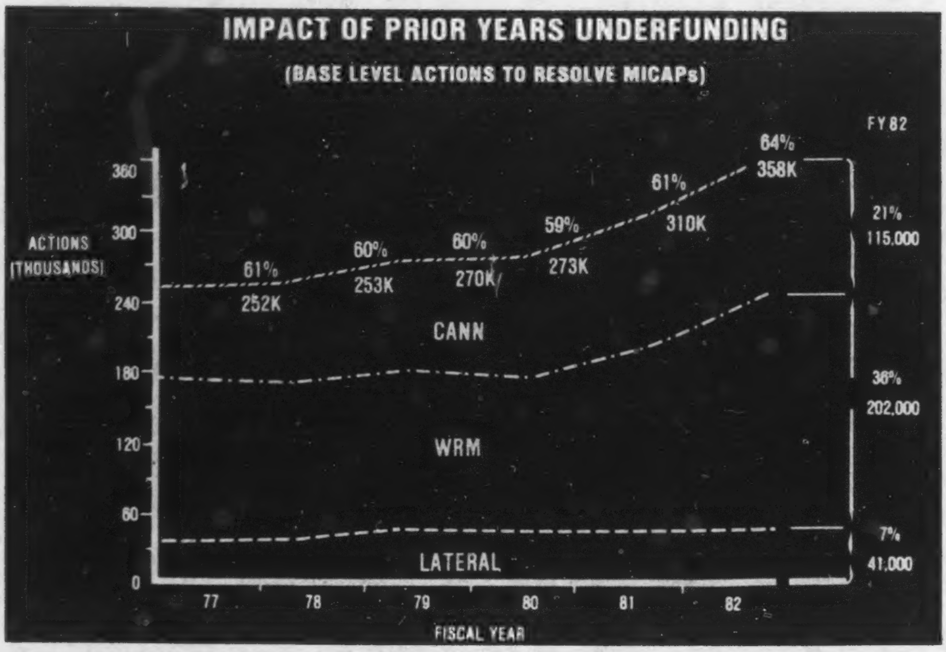
The B-52 is way out here. Most of our primary airplanes, our transport airplanes, and tankers, fall in this area. We only have two airplanes, the F-15 A and B, the A-10, and, of course, we have the F-16 and F-15 just coming in.

The Air Force had never before tried to maintain airplanes for this length of time. As you will recall, the B-47 was only around for 10 years; and B-36, F-86, B-29—and I could go on—all those airplanes were retired from active duty or moved to the Reserve Forces where the utilization was considerably lower at a point, around 10 years to 14 years.

So, we are learning a lot on what it takes. It is very expensive to modernize and keep an 18-year-old airplane going.

We are spending a lot of time now in this regime trying to figure out what actually are the costs of the airplanes, so we will be able to do not only a better job of forecasting but also articulate our requirements for new airplanes.

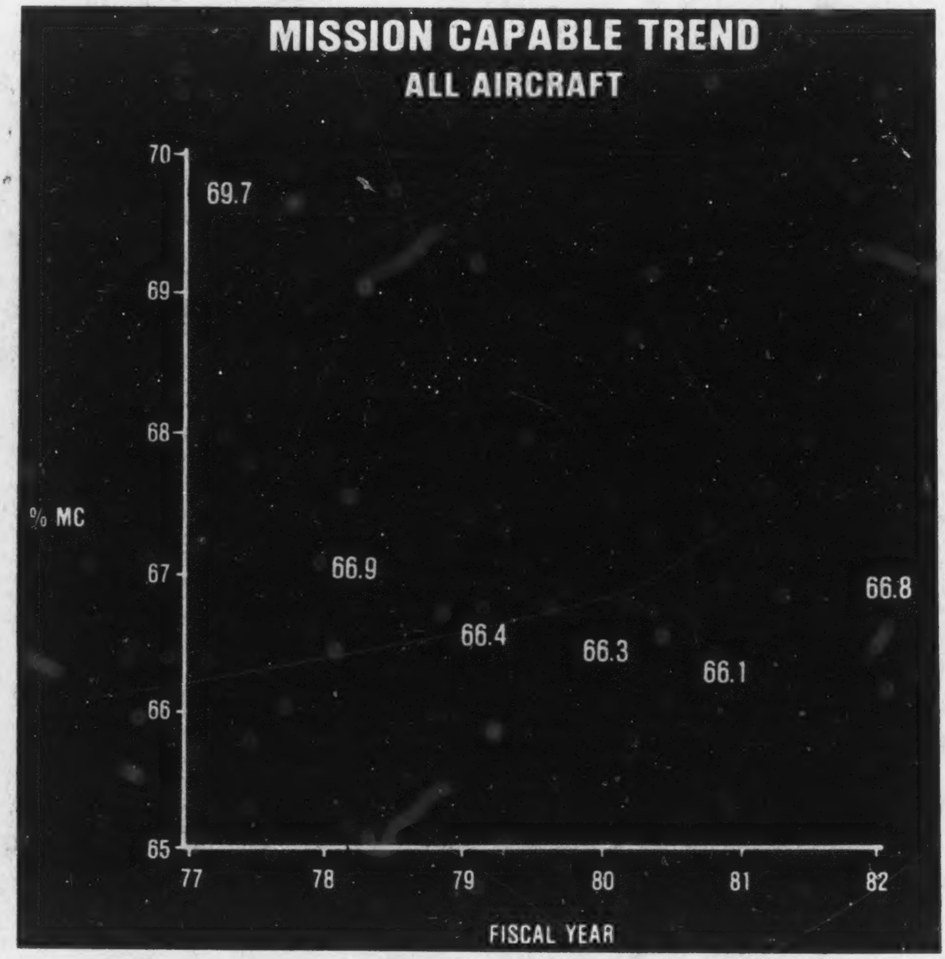
We have never reengined an airplane before like the KC-135. We have to reskin the wings. We reskinned the wings on a 135 twice already, and we are replacing the wings on our C-130's. Those are actions that we've just not had to cope with before.



This goes for our parts and points out the significant parts problem that the Air Force has today. The word "MICAP" is an Air Force term for an airplane that is sitting on the ground that needs a part to make it fully capable or to unground it. So, it is a critical item and it shows where the parts are obtained from.

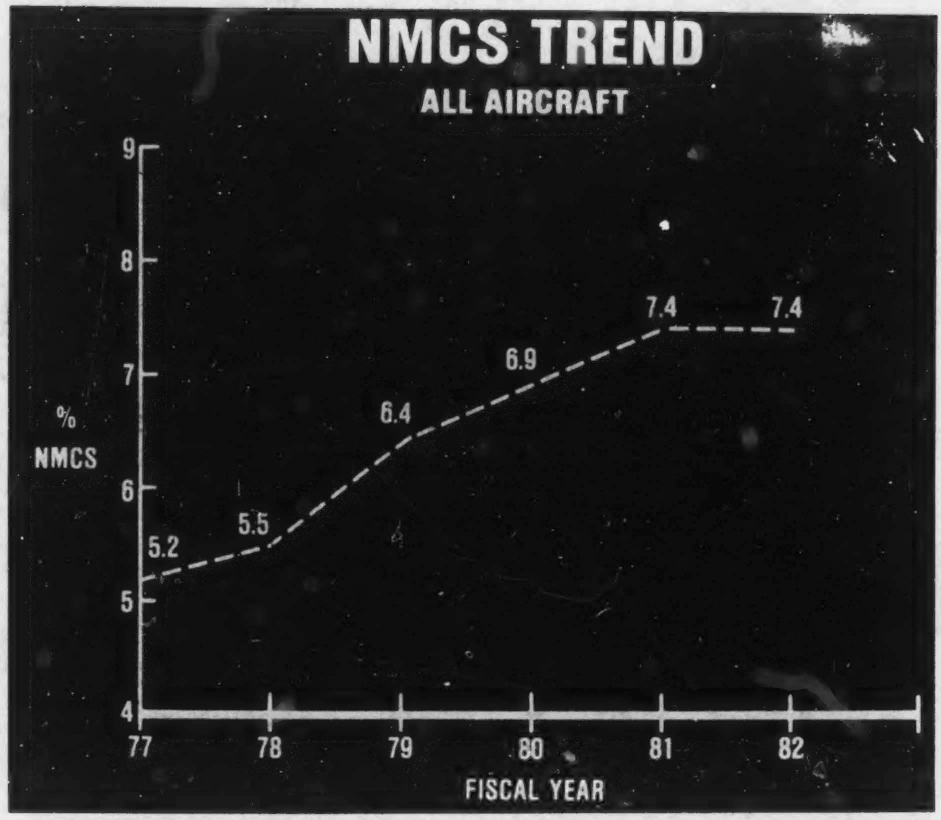
The word "cannibalization" means we steal a part or rob a part off another airplane. We take many parts off one to make another one whole; or we take the parts from our WRM kits; or we go lateral to another base and see whether or not they have a part that we can use.

The long and the short of this is that we can satisfy a grounding condition for an airplane 64 percent of the time by using these methods, and 36 percent of the time the airplane will remain grounded until the depot can supply the part.



This graphically shows that the Air Force still has a very severe parts problem.

Now, in 1983, we are seeing this starting to slope down as a result of the funding and the attention that we have paid in 1981 to spares. This shows our mission-capable rate. It came down off the Vietnam war, dropped down very drastically. Now, in 1981, we have seen a slight increase. We are hoping that this MC rate will continue on as we continue to pay more attention to our spares.



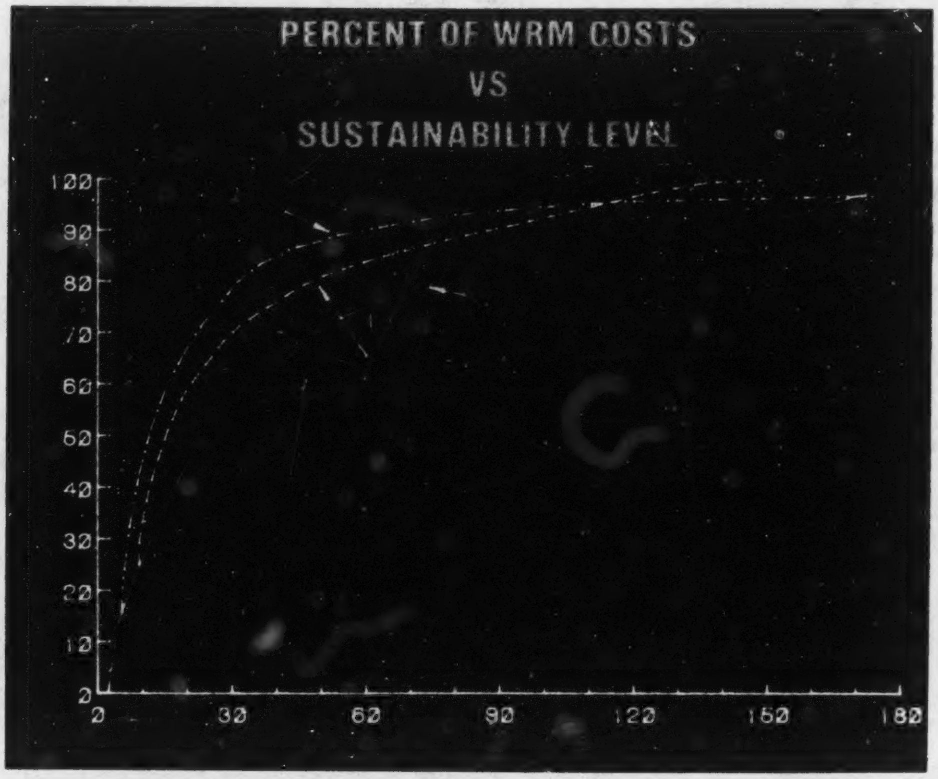
NMCS is not mission-capable supply. That is an airplane that is grounded because we need some sort of a part. As you can see, over the years it has continued to climb. Now it has leveled off and we see some indications that it is on a downward track. So, we are hopeful now that we will be able to return this year to a level that will be appropriate to maintain the aircraft.

Just basically what has been done now to assure that we do not end up with another billion-dollar problem as we did in 1982, we have spent a lot of time working on aircraft availability objectives in modeling, forecasting. We have actually developed two systems, a computerized system and also a manual forecasting system that we can validate these two programs with to make sure that we have not made a mistake in one way or the other in one or the other areas.

Also, we are allocating our funds now by weapon system, which is the first time in the history of the Air Force we have done this. We are actually applying the money against an airplane and then following the expenditure dollar by dollar that is put against the airplane, with several validation points throughout the year.

So, we can tell as soon as an airplane starts using more parts than we had forecasted it to. That will put up the danger signal and we will be able to then take a look and find out where the problem was on that particular airplane.

Of course, we have those management controls that I talked about that will give us a flag and tell us exactly when our computations are going wrong.



This is an interesting chart and it shows dates of sustainability across the bottom and percentages. Basically what it shows is that it takes a lot of money to get a small amount of initial capability. You can see how that curve ramps up very quickly, and it graphically shows that in 30 days with our airlift forces it takes about 60 percent of the total cost for 30 days' worth of capability.

To get 60 days' capability only takes about another 10 percent. So, when you get on the margin on spare parts you get large increases in capability. We are sitting in this area right now. The Air Force has made an expenditure toward it and now with just a small amount of increased money over the 1984 and 1985 time period we will be able to project ourselves into the area where we will be fully capable.

That completes the presentation. I do have some classified charts if you would like to see them when we go to the closed session, to show you where we stand as far as our wartime capability with spares.

Senator HUMPHREY. All right, why not go to General Metcalf for the O&M and then we can combine the questions.

STATEMENT OF BRIG. GEN. (S) CHARLES D. METCALF, DEPUTY DIRECTOR FOR OPERATING APPROPRIATIONS

General METCALF. Thank you, Mr. Chairman. I too appreciate the opportunity to appear before the committee to discuss the Air Force O&M budget and its relationship to readiness and sustainability.

I have a prepared statement to be inserted in the record. However, I would like to discuss a few of the highlights of the O&M program with the aid of a few charts.

Every O&M dollar, in my estimation, contributes in some way to readiness. It pays the Air Force's operating bills; trains its people; performs maintenance and repair on our aircraft; buys fuel and supplies that are expended in the day-to-day operations, and maintains our facilities.

It is influenced by levels of activity, numbers of aircraft, number of sorties, deployments, and our readiness objectives.

One point, to sum very quickly, is the O&M dollar translates our investment in hardware into readiness and capability.

TOA
REAL GROWTH
($ IN MILLIONS)

APPN	FY 84 PB FY 83 COL	FY 84 ADJ TOA	% RG 83-84	DELTA $ IN B
RDT&E	10,626	13,652	+ 23	+3.0
ACFT PROC	17,595	22,707	+ 23	+5.1
MSL PROC	4,959	8,571	+ 63	+3.6
OTH PROC	5,541	7,626	+ 32	+2.1
MIL PERS	13,106	13,734	+ 5	+ .6
O&M	19,616	21,639	+ 6	+2.0
MILCON	1,715	2,423	+ 37	+ .7
FAM HOUSING	852	896	+ 1	+ .05
STOCK FUND	162	1,639	+864	+1.5
TOTAL	74,172	92,887	+ 21	+18.7

Looking at this chart, I would point out that the total you see is just slightly above 20-percent real growth in the total Air Force budget, and a modest 6-percent growth in O&M.

We will talk about this a little bit later and look at it, look at a balance. But we have to place that number, 6 percent, in perspective and we will look at a chart in just a moment on that. 1983 looms very dramatically in the picture when we talk about 1984.

TOTAL AIR FORCE O&M

INFLATION AND PROGRAM GROWTH
($ IN MILLIONS)

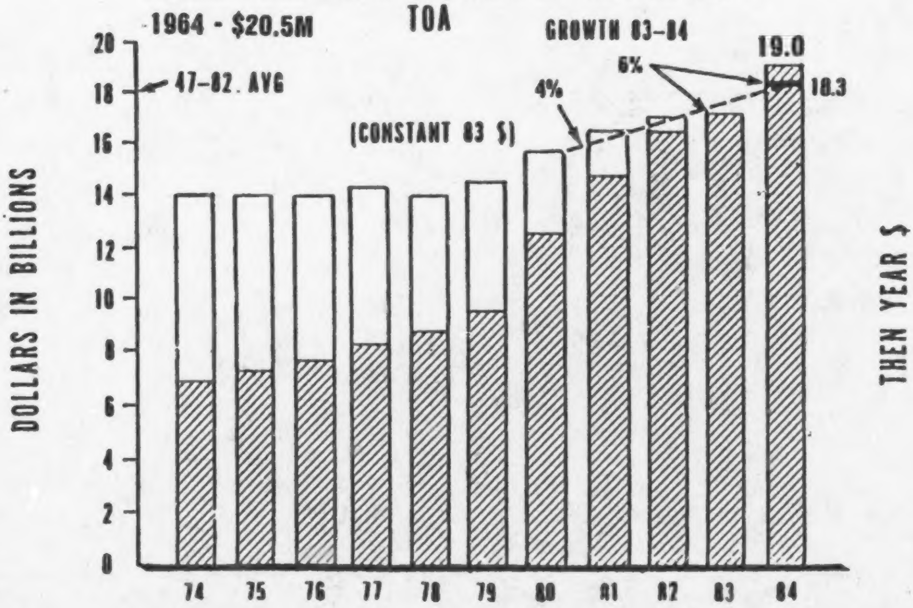
	FY 1983	INFLATION	PROGRAM GROWTH	FY 1984
O&M, AIR FORCE	$17,029	$876	$1,094	$18,999
O&M, AIR FORCE RESERVE	765	4	46	815
O&M, AIR NATIONAL GUARD	1,822	31	-28	1,825
TOTAL O&M	$19,616	$911	$1,112	$21,639
O&M - AS % OF AF	26.5%			23.3%

As you see at the bottom of the chart, O&M represents 26.5 percent of Air Force funding in 1983 and 23 percent in 1984. Some concern has been generated on these statistics and I have a chart that we will get to a little bit later that will talk to that.

AF O&M

CURRENT DOLLARS & CONSTANT FY 83 DOLLARS

TOA



You see on the left margin the historical average for the Air Force, 1947 to 1982 has been about $18 billion in constant dollars.

In fiscal year 1984, that is the first year we have come back to our historical average.

You see the growth from 1983 to 1984, the 6 percent I spoke to just a moment ago; for the period of time 1980 to 1984 somewhat less than that.

You will notice that the 1982 to 1983 columns; 1983 falls below the line that is tracking to 1984. We have severe concern about 1983 in the execution of our program. I am sure we will have several questions through the question-and-answer period where we will talk to that.

I think to put it in probably the fairest perspective, you see the dollars growing through the late 1970's as the major command control are during that period of time is in the operating field; that those were troubled times in trying to execute our programs.

Only recently, when we received the 1983 budget and put it in the hands of the operating commanders, what I received in return were messages from all the major commanders in the field—all the four stars, all the three stars, two stars that were commanding organizations—warning of their fears of returning to the late 1970's when O&M dollars were extremely short and that situation was detrimental to maintaining the readiness of their units.

When we received our budget, we found that O&M had been reduced by roughly $1.2 billion. Now, of that reduction about $400 million was in very real terms a cut, the other related to repricing of fuel, repricing foreign currency fluctuation accounts. We appreciate the efforts on the part of this committee to work that problem for us.

Then we found ourselves faced with pay raise absorptions and other absorptions that were directed—health care, medical benefits and other items we had to share in, CHAMPUS costs. That runs somewhat over $100 million.

We found ourselves, as we always do in the day-to-day business of operating in the O&M accounts, with unbudgeted, unprogramed kinds of activities. An example of that kind of a situation, not too long ago in the newspapers we read of deployment of E-3A's to Egypt. We did not foresee a contingency of that nature and, for example, the airlift cost of moving those units was $8 million.

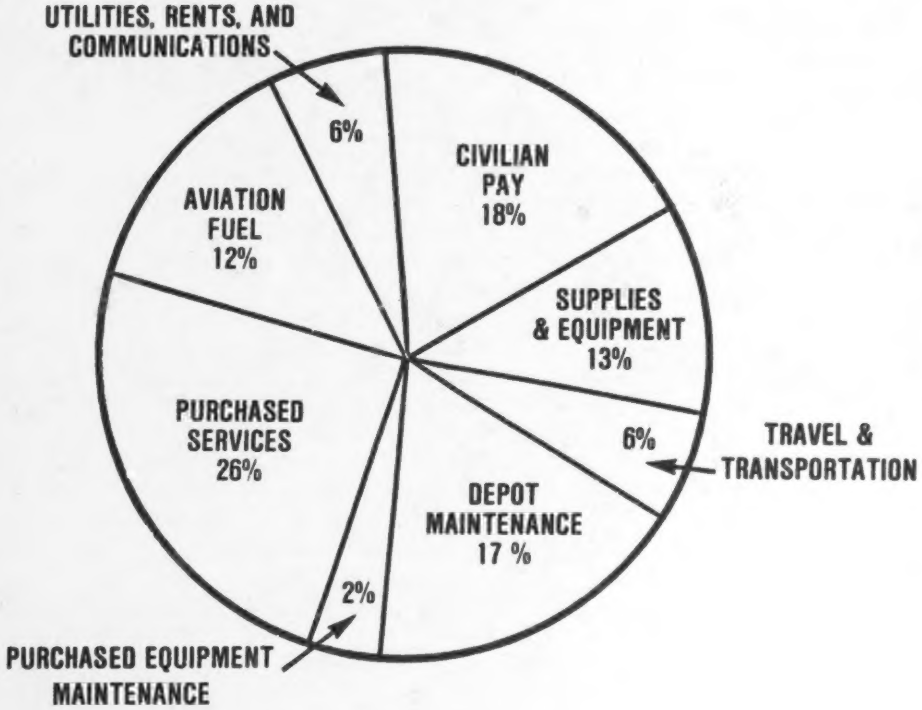
So, the unbudgeted, unprogramed requirements have grown to about, at this juncture, $125 million.

In terms of the dollars going down in real terms and program content going up, there was a difference of about $250 million. The program continued to grow, "robusting" if you will, and we find ourselves with something well in excess of a problem of $800 million in trying to execute our program.

As was mentioned earlier, O&M is not well understood in its relationship to sustainability and readiness. Many, even in our business, do not make that translation particularly well to the folks in Congress so that that understanding is well portrayed.

O&M, again, those dollars integrate and sustain the acquisitions we make when we buy new weapon systems in other appropriations. They are maintained and supported in O&M. We build facilities through "Military construction"; we support and maintain those facilities with O&M, and we of course pay our people with "Military personnel" accounts but we train them in O&M.

O&M COSTS BY COMMODITY (FY 1984)



When you look at the kinds of dollars we spend and where we spend them, one-third of the budget goes for flying operations, the aircraft POL, the bulk of depot maintenance, and roughly a third of the supplies and equipment, in direct relation to readiness and sustainability.

With the 1983 budget and the 1984 budget that we are proposing, I guess I have to say that there is a mixed bag, good news and bad news.

FLYING HOURS

O&M, AF

	FY 82	FY 83	FY 84	CHANGE 83-84
HOURS (THOUSANDS)	2,242	2,328	2,405	+77(3%)
TAF HOURS PER PILOT MONTH	17.7	18.6	19.7	+1.1

AREAS OF MAJOR FY 84 CHANGE (HOURS)

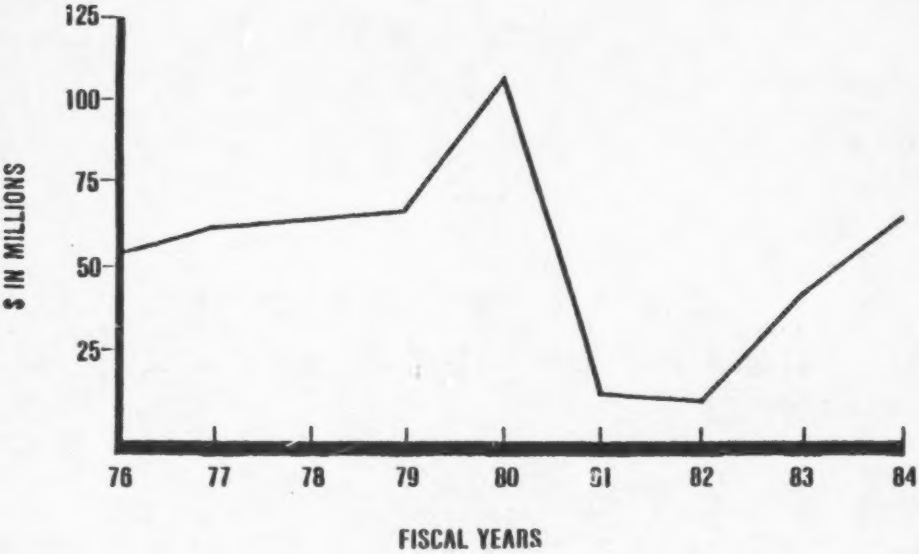
FORCE GROWTH/MODERNIZATION	+23,000
TAF READINESS	+45,900

Some of the good news shows up in the flying hours and the initiatives that the Air Force has taken. You can see that there is growth between the 1983–84 time frame of roughly about 77,000 hours. Those are very intense hours, they are used in training our force. Since they are in the tactical forces, there is a multiplier effect that even though the flying hours grow by 3 percent, sorties grow something like 7 percent. That is where the training occurs.

The second line demonstrates the growth in the flying hours per pilot in the tactical forces. Again, this directly relates to a more ready pilot, more capable pilot. We see a split, the hours that are spent on the actual readiness training, 46,000 hours; 23,000 are spent on growth of the force purely, and the balance is spent in training those people in the new weapon systems we are acquiring, placing them in a situation where they can then fly the 46,000 hours in a more intense environment.

That is an example of the good news. I have a couple of examples of the bad news.

DPEM BACKLOG
(O&M, AIR FORCE)

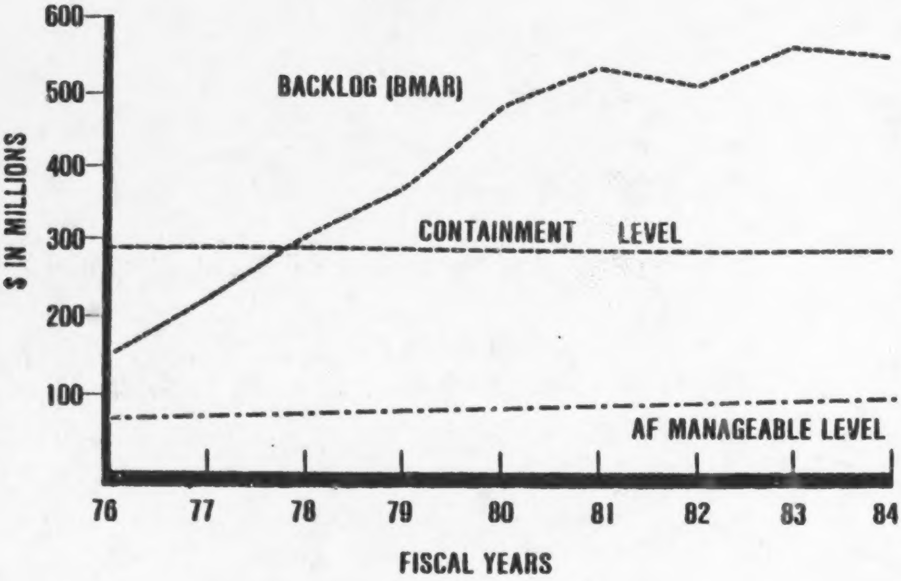


Looking at depot maintenance, we had a very high backlog in the past. We worked very hard to reduce that. We find the backlog again growing. The reasons are, yes, we missed some of the requirements in building that backlog.

Second, when we find ourselves in a situation such as we find ourselves in 1983 with the available dollars that are in our hands to execute the program, we find there are only several places that we can go.

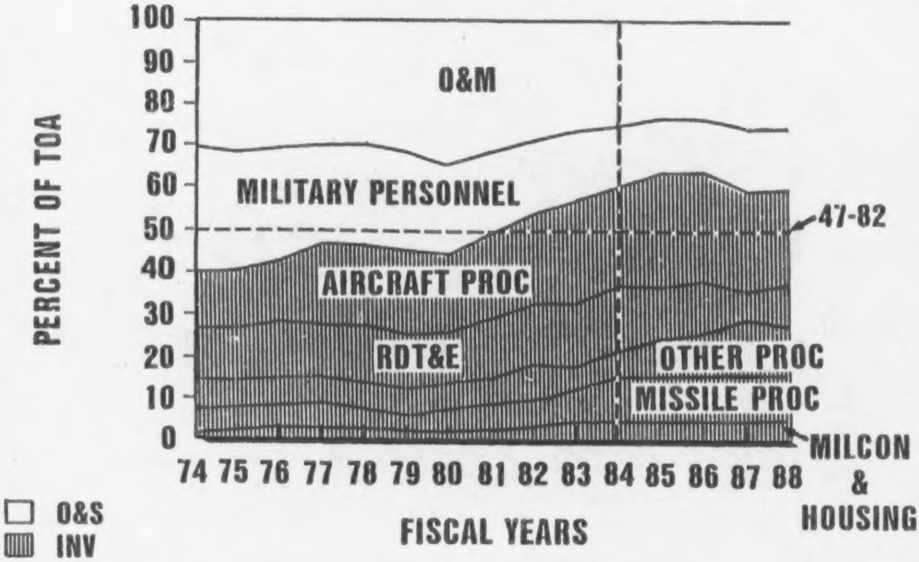
I will show you a chart in a moment that talks to roughly 85 percent in the short term where we are really inflexible in making changes.

FACILITY MAINTENANCE AND REPAIR BACKLOG (O&M, AIR FORCE)



So, the backlogs in depot maintenance are growing. We find that the backlog continues to grow after 1 short year of reducing it. We find that we are unable also to reduce the backlog of facility maintenance and repair; it continues to grow.

We programed to spend roughly $480 million in this area in 1983 for contract maintenance and repair projects. Our estimates now are that we may spend as low as $280 million, trying to cope with continuing the operation of the Air Force. This will delay the completion of our commitment to reduce the backlog to the containment level of about $300 million, something we reached in agreement with the Congress of the United States.



APPROPRIATION
PERCENT OF TOA
(CONSTANT FY 84 $)

I indicated that I would return to a chart and talk about the mix between the appropriations. There are no magic numbers. There has been a lot of concern evidenced when we have talked to other committees about this same issue.

On the left axis is a percent of the total obligational authority committed to the varying appropriations.

Emotionally, you would expect it to be perhaps a 50-50 break and once that 50-50 break is violated, is there a problem? I would suggest no, since it is not in absolute numbers, it is in percentage.

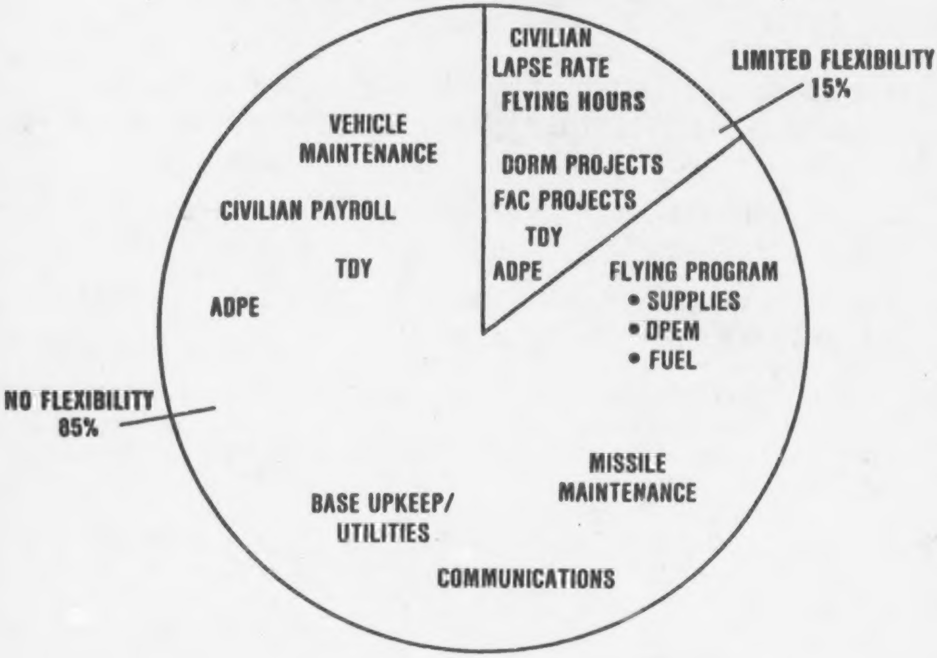
O&M and Military Personnel are priced separately from the other appropriations—Aircraft Procurement and RDT&E. We start from a different baseline. We look at our force structure, the number of flying hours, the number of people, and it is built from the bottom up.

As the budget is presented to the Congress, we feel that it essentially covers our requirements to sustain that force. The readiness of today's forces—the bubble that you see in the procurement side represents tomorrow's forces or the forces of maybe 3 years downstream.

As we look at the outyears, we build our budget for the outyears accordingly. We look to price out weapon systems that we know will be in the force structure at that time, the base structure that we believe will be in existence at that time, and build it up.

We go to the extent of building cost estimating relationships that will allow us to do that. We try to go for engineering information that will allow us to take advantage of easier maintainability and the cost savings therein; or we may have to recognize it may be more expensive to maintain but we have a much more capable aircraft on our hands at that time. We look to that extent to try to price out our program.

LIMITED O&M MANAGEMENT FLEXIBILITY



I mentioned the problems that we have in executing our program, particularly once we get into the fiscal year when we find ourselves maybe 90 days into a fiscal year or even 4 months before the budget is in our hands.

In round terms, we feel that we are about 85 percent inflexible at that time. We have the people on board; we have the base structure on board; we have contracts that we have already committed ourselves to. So, we find a flexibility of roughly 15 percent.

When we look at the kinds of things that are in that wedge, there are things that either do not offer good opportunities or an opportunity that we would not want to take; that is, reduced flying hours—a dramatic and drastic result on readiness of our force.

In today's economy I do not think it would be to anybody's surprise to indicate that if we tried to enforce a lapse rate on our civilian hires, we would find that it would be rather ineffective because nobody is leaving the rolls of the Federal service at this time.

We are left with facility projects, dorm projects, quality-of-life things that we would like to do for our folks to enhance their living facilities, their working facilities. We find that is one of the few places we have the latitude to go to absorb a reduction that is imposed upon the Air Force. That is why we see the backlog of maintenance and repair growth.

We also find that we can assess some of that reduction against the depot maintenance accounts. We do not like to do it but it is one of those few places we can go. It causes the backlog to grow and it is something that we must address in the subsequent year. So, there is a very direct relationship to readiness within O&M that directly contributes.

O&M AND READINESS

- READINESS CAN BE DEFINED AS THE ABILITY OF MILITARY FORCES, UNITS, WEAPON SYSTEMS, EQUIPMENT AND PERSONNEL TO PERFORM FUNCTIONS FOR WHICH THEY HAVE BEEN DESIGNED, ORGANIZED AND/OR TRAINED.
- EVERY O&M DOLLAR, PROPERLY SPENT, CONTRIBUTES TO READINESS IN SOME WAY.
- O&M FUNDING TRANSLATES INVESTMENT IN WEAPON SYSTEMS, PEOPLE AND FACILITIES INTO WAR FIGHTING CAPABILITY.

We have made progress over the past few years, great progress in upping the number of hours for our flying crews. We have a problem in 1983. We have seen a lot of vestages of that and we have talked to—some of the things we have done—backlog in maintenance and repair, backlog in DPEM.

The rest of the absorptions are made, if you will, with a flatiron. We just flatten out programs and they get a lot thinner. We hope, we pray, that the reductions are not continuing in 1984 because we feel that that will have a dramatic effect at the time on the readiness of the Air Force.

That concludes my statement and my presentation, Mr. Chairman.

[The prepared statement of Brig. Gen. (S) Charles D. Metcalf follows:

Prepared Statement of Brig. Gen. (S) Charles D. Metcalf, Deputy Director of Budget (Operations), Comptroller of the Air Force

Mr. Chairman and members of the committee: I am pleased to appear before this committee to present and discuss the Air Force Operation and Maintenance (O&M) budget request for fiscal year 1984. My statement will compare the fiscal year 1984 budgets with fiscal year 1982 and fiscal year 1983 funding levels (actual and budgeted) for the Active and Reserve Forces, and will highlight the forces, manpower, programs and resources supported by O&M funds.

The following is a summary of the fiscal year 1982-84 O&M budgets:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
O&M, Air Force	16,133	17,029	18,999
O&M, Air Force Reserve	676	765	815
O&M, Air National Guard	1,669	1,822	1,825
Total Air Force	18,478	19,616	21,639

I will first discuss the O&M, Air Force budget, and then those of the Air Force Reserve and Air National Guard.

OPERATION AND MAINTENANCE, AIR FORCE

The O&M appropriations, along with the Military Personnel appropriations, finance the day-to-day business of the Air Force. O&M funds buy the resources to operate and maintain weapon systems and facilities, purchase supplies, equipment, fuel and contract services, and pay civilian employees.

The following table shows the O&M funding, actual and proposed, for the active Air Force, fiscal year 1982–84:

O&M, AIR FORCE BY MAJOR FORCE PROGRAM

[In millions of dollars]

	Fiscal Year—		
	1982	1983	1984
Strategic forces	3,175.9	3,041.3	3,155.2
General purpose forces	3,538.9	3,713.3	4,082.0
Intelligence and communications	1,156.1	1,389.2	1,831.0
Airlift forces	1,188.0	1,163.4	1,213.8
Central supply and maintenance	4,933.5	5,384.2	6,138.2
Training, medical, and other general personnel activities	1,782.8	1,931.1	2,034.9
Administration and associated activities	349.9	399.8	536.1
Support of other nations	7.7	7.1	7.9
Total	16,132.8	17,029.4	18,999.1

The increase from fiscal year 1983 to fiscal year 1984 is $1.970 billion. This increase is comprised of $876 million for budgeted price growth (inflation) and $1.094 billion for program changes. The largest amount of program growth occurs in the space programs and tactical forces areas. The former reflects increased reimbursements to NASA for space shuttle launch support, increased DOD range activity and continuation of efforts in preparation for future launches of the Shuttle from the Vandenberg complex. Growth in the tactical forces area arises from continued modernization of the force, including additional A-10, F-15 and F-16 fighter aircraft and also increased support for KC-10, E-3A, TR-1, EF-111, Rapier, and Ground Launched Cruise Missile systems. Tactical forces growth also includes an increase for additional pilot continuation training, which will permit achieving 19.7 flying hours per month for line fighter pilots in Fiscal year 1984. This is approximately a 6 percent increase in monthly flying hours over those planned for fiscal year 1983. Finally, there are tactical forces increases planned to provide additional readiness and sustainability suport in the areas of chemical and biological defense and war readiness materials.

Strategic forces, training, and medical programs are budgeted to increase moderately. In the strategic offensive forces area, increases are planned in service engineering for the B-52 aircraft and Minuteman missile systems, and for operating support of the Air Launched Cruise Missile consistent with the increase in operating inventory. In the strategic defensive forces area, program growth is included for both radar and satellite surveillance systems which is partially offset by savings from the planned phase-down of the CADIN-Pinetree radars in Canada. Training and medical program growth arises principally from the military strength increase projected for the period.

Additional funding is budgeted for real property maintenance to support significant Air Force program increases in fiscal year 1984 and to partially recover from a deferment of facility maintenance and repair projects during fiscal year 1983 due to an austere O&M environment. There are also substantial increases programed in automatic data processing support during fiscal year 1984, primarily due to implementation of the Phase IV-base level data automation program and improvements to AFLC logistics management systems.

Details on the price increases and program changes are provided in the following pages.

ESTIMATED PRICE GROWTH

The budgeted price growth of $876 million in fiscal year 1984 includes price increases for non-personnel purchases, annualization of the fiscal year 1983 pay raises, and fiscal year 1984 foreign national indirect hire pay raises. By including price growth, the budget request becomes a more realistic estimate for the cost of O&M programs; and by providing for price growth, the Appropriations Act will more closely reflect the funding needed to execute the approved programs efficiently and effectively.

It should be noted that fiscal year 1983 O&M was appropriated at $1.2 million less than our budget request. The situation is further compounded by growth during fiscal year 1983 in flying hours, military manpower, space support requirements, TR-1, ALCM, GLCM, and other programs. Consequently, there may be a bow wave of requirements into fiscal year 1984 which would effectively decrease fiscal year 1984 real growth (6.5 percent). The reduced fiscal year 1983 baseline exaggerates the amount of program growth that is budgeted in fiscal year 1984.

PRICE GROWTH BY CATEGORY

[In millions of dollars]

Category	Fiscal year 1984 budget request	Amount included for price growth
Civilian personnel	3,218	40
Travel	436	9
Stock fund [SF]	4,322	76
Industrial fund [IF]	3,305	502
Transportation	1,405	−59
Other purchases	6,313	308
Total	18,999	876

WHAT O&M BUYS

Although O&M funding is critical to readiness, the O&M account is not well understood by many who have an otherwise excellent knowledge of military affairs. Even members of the armed forces often have a limited knowledge of what it buys. O&M buys such an array of programs and elements which support operational missions, as well as such a volume and variety of goods and services, that it is difficult to grasp the full range and importance of the account.

The O&M appropriation provides the money that integrates and sustains acquisitions made through other appropriations. For example, hardware bought with procurement appropriations is operated and maintained with O&M funds. Facilities built with military construction funds are supported and maintained with O&M funds. The health, morale, and welfare of the makers of readiness—people—are directly dependent upon the level of O&M funding. O&M also buys the training our people need to operate and maintain equipment and facilities.

In terms of aggregate physical plant, major units, combat training activities, and other gross quantitative indicators, the following kinds of things are acquired and/or supported with O&M funds (fiscal year 1984 data, includes Reserve Forces): Major installations—134; aircraft flown and maintained—6,601 (total aircraft inventory).

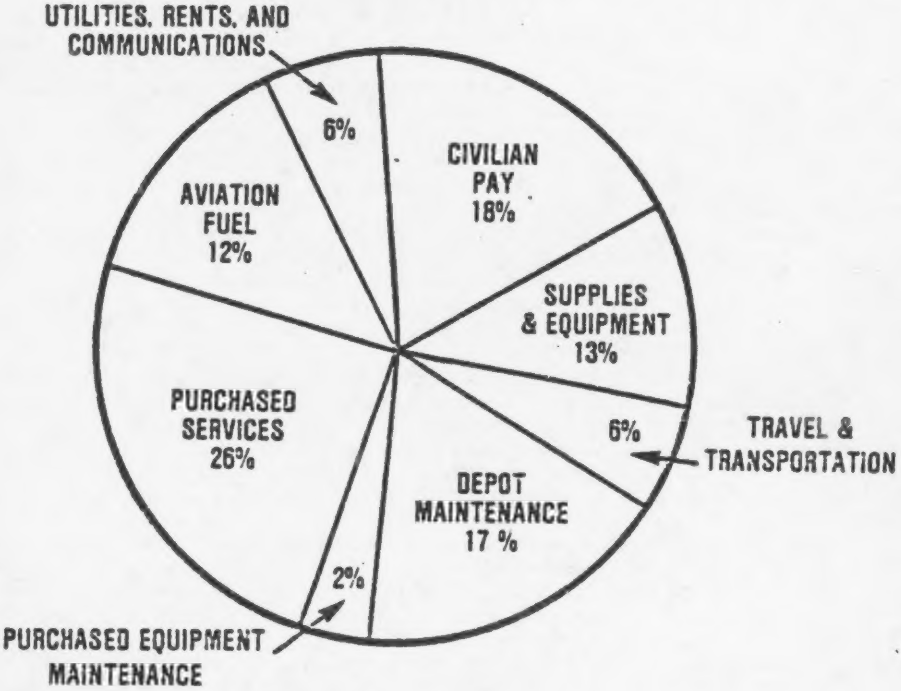
Flying hours—2,404,537 (O&M, AF—includes reimbursable hours): Aircraft POL—56,031,000 BBLS; other POL—7,718,000 BBLS.

Personnel paid or supported: Military—612,600; civilian—150,765 (O&M, AF funded);

Buildings maintained, heated and lighted—501 million square feet (including Air Reserve Forces): Airfield pavements—250 million square yards; roads and streets—12,000 miles, replacement value of plant—$103 billion (in 1982 dollars).

The Air Force budgets, manages and administers its funds by Major Force Program (previously shown). However, to some, it is easier to look at what O&M buys in terms of commodities, that is, broad classes of goods and services. The following chart shows the composition of O&M costs by commodity class.

O&M COSTS BY COMMODITY
(FY 1984)



O&M AND READINESS

The military might of a nation has traditionally been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. Any assessment of military capability based exclusively on quantities of equipment ignores the essential element of combat readiness. Readiness can be defined as the ability of military forces, units weapon systems, equipment and personnel to perform functions for which they have been designed, organized or trained. As such, it is an element of overall military capability, along with the forces in being (force structure), age and technological capability of weapon systems and equipment (modernity), and the ability to continue effective military operations over an extended period of time (sustainability).

Every O&M dollar the Air Force spends contributes to readiness in some way. However, since much of the Air Force O&M budget is spent on programs with behavioral outcomes rather than programs where it is possible to count tangible results, it is difficult to precisely quantify the readiness impact of every O&M expenditure. For example, it is difficult to quantify the additional readiness derived from one additional sortie by an aircrew. Even more intangible is the effort on morale and readiness generated by painting a barrack or buying new dormitory furniture. Despite this difficulty, the relationship between the programs O&M buys and day-today readiness of the Air Force is fairly obvious.

AIRCRAFT INVENTORY AND FLYING HOURS

Approximately one-third of the total O&M budget goes for support of flying operations. A large part of the depot maintenance program, all of the aviation petroleum-oil-lubricants [AVPOL], and roughly one-third of the supplies purchased with O&M funds are used to support flying operations.

Aviation POL and supplies are generally understood. Aviation POL is the fuel consumed in the flying of aircraft and in maintaining and testing of engines. Supplies are the replacement parts used by field maintenance organizations to repair aircraft.

Expenditures for aviation fuel, supplies, and depot maintenance are generated by flying hours, but just as important as the hours themselves are where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. An aircrew must practice what will be done in actual combat. Training must be rigorous and realistic so that crew members can exploit the full potential of their weapon system. When aerial weapons were limited to machine guns and conventional bombs, effective training could take place almost anywhere. As weapons have become more expensive and more lethal, "live" practice with weapons has been limited. Electronic simulation devices have, to a large extent, supplemented practice with actual weapons.

To meet this training challenge, the Air Force has established highly sophisticated training ranges at the Tactical Air Warfare Center, the Tactical Fighter Weapons Center, and other weapons training sites. On these ranges, aircrews can simulate weapons releases against simulated enemy defenses. These ranges and the simulation devices, such as Air Combat Maneuvering Instrumentation [ACMI], are supported with O&M dollars.

To use the ranges, the aircrews must be deployed. For example, we may deploy an F-4 squadron from Moody AFB, Georgia, to the range near Nellis AFB, Nevada, or an F-111 squadron from RAF Lakenheath, UK, to Aviano AB, Italy. When a squadron is deployed, its maintenance capability goes with it. We airlift maintenance people, spare parts, tools and equipment, and we reimburse aircrews and maintenance personnel for their additive living costs. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. Units based on the U.S. can become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. We improve the effectiveness of our alliances by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds, but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

The following table shows the active aircraft inventory and the flying hours funded by O&M funds.

O&M, Air Force active aircraft inventory and flying hours[1]

Fiscal year 1983:	
PAI	5,868
TAI	6,537
Flying hours	2,327,652
Fiscal year 1984:	
PAI	5,945
TAI	6,601
Flying hours	2,404,537

[1] Includes foreign government-owned (FGO) aircraft.

The primary active aircraft inventory [PAI] is the inventory of aircraft acutally assigned to units for the performance of their operational missions. The total active aircraft inventory [TAI] is the inventory of aircraft that includes the primary active aircraft inventory [PAI] and the backup aircraft inventory [BAI]. The backup aircraft are those assigned to units to permit scheduled and unscheduled maintenance, modifications, inspections and repair without reduction of aircraft available for the operational mission. Changes in the flying hour program are correlated more closely with changes in PAI than with changes in TAI, since PAI is a factor in determining the allocation of flying hours to units.

The total primary aircraft inventory increases by 64 aircraft in fiscal year 1984 primarily as a result of the Air Force's modernization program and includes F-15, F-16, and A-10 new production aircraft being delivered in fiscal year 1984.

The O&M flying hour program has an increase of 76,885 hours in fiscal year 1984 resulting primarily from increased flying activity by our tactical fighter force aircrew members and the hours required to support the additional aircraft entering the inventory.

The development of the Air Force flying hour program follows the same general planning, programming, budgeting and execution phases as other O&M programs. The program is designed to meet aircrew training requirements to ensure a responsive and ready force. The two major factors in the development of the program are aircrew requirements and sortie generation capability. In close coordination with the Major Air Commands, the Air Force establishes its program based on the lower of these two factors. The Air Force recognizes that any growth in the flying hour program must consider logistical supportability and aircrew availability along with aircrew requirements.

MILITARY AND CIVILIAN PERSONNEL

The following table shows a comparison of Air Force military and civilian personnel for fiscal year 1982-84:

[End strengths]

	Fiscal year—		
	1982	1983	1984
Military (active forces only)	582,845	592,500	612,600
Civilian	247,918	246,160	249,664
O&M, AF	150,864	149,928	150,756
Industrial fund	42,761	40,405	42,596
RDT&E, AF	18,735	19,487	19,789
O&M, AFR	11,823	12,432	12,593
O&M, ANG	23,735	23,908	23,921

The Air Force manpower program for fiscal year 1984 reflects a significant growth in military personnel (+20,100) and an increase in civilian personnel (+3,504) from fiscal year 1983 levels. The growth in military manpower is primarily to support the strategic bomber force and missile systems [ALCM/GLCM], for several wartime readiness initiatives, tactical force structure build, intelligence related activities, increased personnel accession training and other training initiatives, R&D enhancements and Command, Control and Communication activities. These increases are partially offset by decreases associated with the Titan II phasedown and the SAGE phaseout.

The increase in civilian end strength is primarily attributable to logistics support of flying hours and aircraft, increased logistics and surge capability, increased R&D capability, GLCM, space activities, and Reserve Force structure modernization. These increases are partially offset by various economy and efficiency actions and critical skills conversions.

CONTRACT CONVERSIONS

OMB Circular A-76 cost comparisons continue as part of our overall effort to reduce Air Force operating costs. Workloads which do not require either military or in-service civilian personnel are considered for potential contract performance in accordance with the Circular. An in-service essentiality review to insure that combat readiness would not be compromised is accomplished before an activity is identified for cost comparison. Such cost comparisons compare the total Government cost of the most efficient in-house operation to the total cost of contracting such services. The decision to perform in-service or by contract is based upon the results of the cost comparison. Contractor performance is subsequently monitored to ensure that we continue to receive the best service for the lowest cost.

In fiscal year 1983 we plan initially to conduct cost comparison studies involving more than 5,000 manpower authorizations associated with residual prior year candidiates. These and subsequent studies will comply with Section 502 of the fiscal year 1981 DOD Authorization Act.

The Air Force has long considered the contract alternative a viable and efficient means of accomplishing workload. As a result, the Air Force has progressed further in contracting commercial activities than the other Services and DOD agencies—approximately 80,000 contract work years (23 percent of the Air Force civilian work force compared to the Army's 12 percent, Navy's 17 percent, and DOD agencies' 2 percent). Over 16,000 Air Force spaces have been announced for cost comparison and possible conversion to contract since fiscal year 1979. The Air Force supports a moderate contracting out program which would be paced such that each activity is critically examined according to its wartime role before certifying it eligible for contract.

DEPOT MAINTENANCE

The depot maintenance programs [DPEM] provide for centralized maintenance and modification of aircraft, missiles, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers. The current annual expenditures for depot maintenance is large in dollar terms, but it is small in comparison to results. The funds spent for depot maintenance either maintain or improve war fighting capability. Combat training must be rigorous to be effective. Under the stress of such training, equipment can deteriorate rapidly. Air Force equipment is also exposed to the elements in some of the world's harshest environments. Since we train with the weapons we will fight with, deteriorated equipment must be restored or replaced. By restoring equipment to a ready state, depot maintenance helps us avoid tremendous investment costs.

Besides deterioration, we must deal with obsolescence and the resulting need for new capabilities. In many cases, we avoid buying new equipment by modifying existing systems. The C-5 wing mod and the B-52 cruise missile conversion are examples of current modifications. Although modifications are bought with procurement funds, installation of the parts and kits is an O&M cost—whether accomplished by contractors or by in-house personnel.

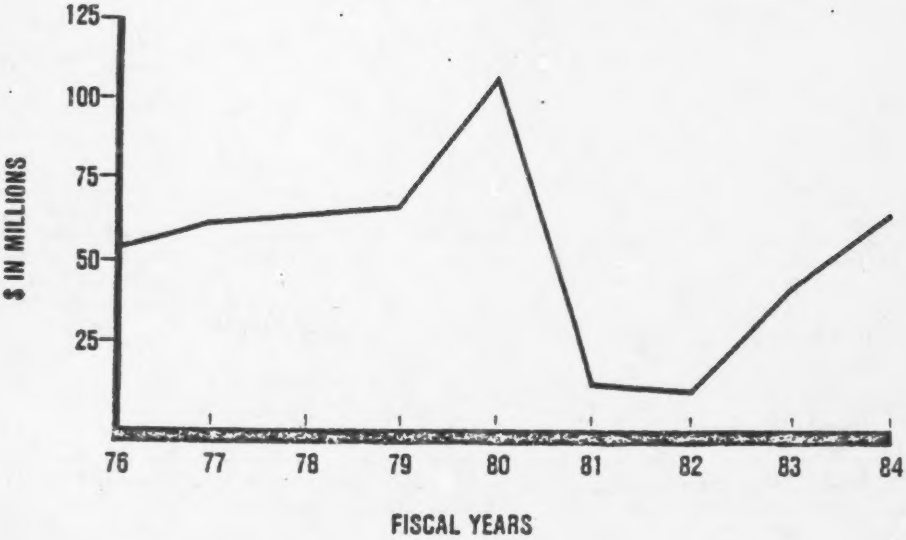
The significance of aircraft modifications is reflected in the fact that, as a percentage of new aircraft procurement costs, modifications have grown from 34 percent to 45 percent in the fiscal year 1975-1984 period. This impact has been an important factor in the growth of the depot maintenance program over those years.

The depot maintenance backlog reached a high of $103 million at the end of fiscal year 1980. The following table and chart show the Depot Purchased Equipment Maintenance [DPEM] backlogs for the fiscal year 1980-1984 period (actual and projected):

[Dollars in millions]

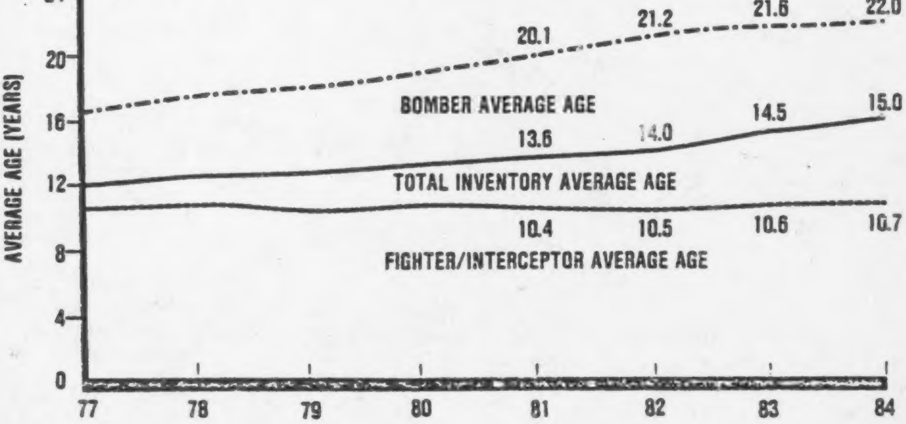
	Fiscal year—				
	1980	1981	1982	1983	1984
Funding	$1,684	$2,168	$2,487	$2,920	$3,216
Backlog	103	12	11	42	63

DPEM BACKLOG
(O&M, AIR FORCE)



The four major factors that drive the requirement for depot maintenance are the number of aircraft in the inventory, the hours flown, the complexity of aircraft and their systems, and the age of the aircraft. The trends in number of aircraft and flying hours are portrayed on earlier charts. The growing age of the aircraft in the inventory is illustrated on the following chart and table.

PROJECTED AVERAGE AGE OF ACTIVE AIRCRAFT INVENTORY



AGE OF AIRCRAFT

	Inventory	Number—9 years plus	Percent—9 years plus
1964	15,214	5,173	34
1973	10,799	5,076	47
1974	10,156	5,383	53
1975	9,334	5,134	55
1976	9,287	5,758	62
1977	9,256	6,295	68
1978	9,138	6,671	73
1979	8,959	6,757	75
1980	9,073	6,968	77
1981	9,180	6,945	76
1982	9,206	6,964	76

The foregoing data indicates that in spite of the ongoing modernization program, the average of aircraft in the force grew perceptibly over the past two decades. For example, the percentage of aircraft over nine years old went from 34 percent in fiscal year 1964 to 76 percent in fiscal year 1982. This aircraft aging is reflected in the increased cost of aircraft repair, maintenance and modification.

STOCK FUND

The Air Force request for Total Obligational Authority [TOA] of $1,638 million in fiscal year 1984 supports peacetime inventory build ($1,456 million) and procurement of War Reserve Material [WRM] ($182 million). The request for WRM TOA is required to continue building our combat capability in order to meet sustainability objectives and to preposition medical supplies and rations that are essential for the care and sustenance of our personnel during combat operations.

The $1,456 million request for peacetime inventory build complies with fiscal year 1982 congressional direction to seek direct appropriations for the procurement of inventory to support force expansion, force modernization and material readiness whenever Service force levels or program activity are increasing. This direction was received too late in the fiscal year 1983 budget cycle for the Air Force to incorporate its total inventory expansion requirement in the fiscal year 1983 President's budget. Consequently, the fiscal year 1984 budget is the first opportunity for the Air Force to present its total requirement in compliance with Congressional direction.

The fiscal year 1984 request is unique in that it represents a one-time, 2-year adjustment required to support this transition. Approval of this request will allow the Stock Fund to procure the inventory necessary to support demands leadtime away (fiscal year 1985–1986) in order to support and to sustain the approved peacetime programs of those fiscal years.

The request for peacetime inventory build is comprised of:

Force structure expansion which requires $498 million to support introduction of new weapon systems such as the B–1B, Air Launched Cruise Missile, and Ground Launched Cruise Missile. It also supports increase to current weapon systems such as the F–15 and F–16.

Force modernization which requires $110 million to provide initial support for major modifications such as the C–135 reengining program and the B–52 offensive avionics system and cruise missile integration modifications.

Readiness initiatives which require $652 million to support and sustain the increase in approved peacetime levels of activity. This will provide sufficient inventory levels to support customers demands at wholesale and retail operating activities. In addition, because fiscal year 1982/1983 buying programs were reduced, a portion of these funds will be used to restore inventory to the levels achieved in fiscal year 1981.

Payments for prior year orders that are identifiable as inventory build under today's rules require $196 million.

Full funding of this request will enable the Air Force to procure the proper mix of stocks to: (1) support initial readiness of new weapon systems entering the force structure and modifications to existing systems; (2) regain the material readiness required to support existing weapon systems without degrading mission capable rates or resorting to WRM withdrawals/cannibalizations to sustain our readiness posture; (3) expand the range and depth of inventory as well as increase stockage levels at both wholesale and retail activities to support increased flying hour programs and to insure readiness objectives are met; and (4) provide the supplies and rations essential to maintain the fighting capability and survivability of our forces.

The new OSD policy of obligating the customers' funds at the time an order is accepted by the stock fund was directed during the budget review process. The policy is scheduled for implementation in fiscal year 1984. The objective of the OSD change is to improve financial management, to make DOD practices conform to OMB Circular A-34, and to achieve uniformity in the procedures used by the Services. The OSD has programed $95 million to offset the cost of buying out the stock fund pipeline.

FACILITY MAINTENANCE AND REPAIR FUNDING AND BACKLOG

A large share (roughly 12-13 percent) of the O&M budget is spent for maintenance and repair of real property and other civil engineering activities. Much of the physical plant in the Air Force is the supporting structure for readiness: maintenance hangars, aircraft shelters, missile silos/launch facilities, satellite control facilities, and runways. This supporting structure is especially important because the Air Force, unlike the other Services, will fight from its air bases. Much of the physical plant is of World War II or Korean War vintage, and we are spending large sums of money to maintain facilities which more practically should be replaced, particularly overseas. Operating these old facilities is unnecesarily expensive as well. Shortages of Military Construction funding have caused the Air Force to continue to operate and maintain some marginally effective facilities.

The primary indicator for evaluating physical plant condition is the backlog of maintenance and repair (BMAR). The BMAR is not a measurement of the total maintenance and repair requirement. Rather, it is a measurement of previously identified requirements which were deferred due to a lack of resources, primarily O&M funding. With the exception of fiscal year 1982, O&M funding shortfalls have caused significant backlog increases. Our facilities have deteriorated such that major commands have gone on record to emphasize that we cannot continue the large scale deferral of facility maintenance and repairs. Deferred requirments for airfield pavements, utility systems, and operational/maintenance facilities (all readiness related) now comprise roughly 40 percent of the current BMAR. The remainder consists of deferred requirements in other work, recreation, and living facilities. Continued deterioration in these facilities adversely affects the morale of our people and our readiness.

Earlier, I mentioned that the BMAR does not represent our total maintenance and repair requirement. The BMAR identifies previously deferred requirements; each year we also generate newly identified maintenance and repair requirements. Thus each year we have a total requirement that includes deferred [BMAR] plus new requirements. Our success in achieving the real property maintenance/BMAR goals set forth in our budget request is highly dependent on the accuracy of our projections for total requirements and support for the funding requested in our budget submittal.

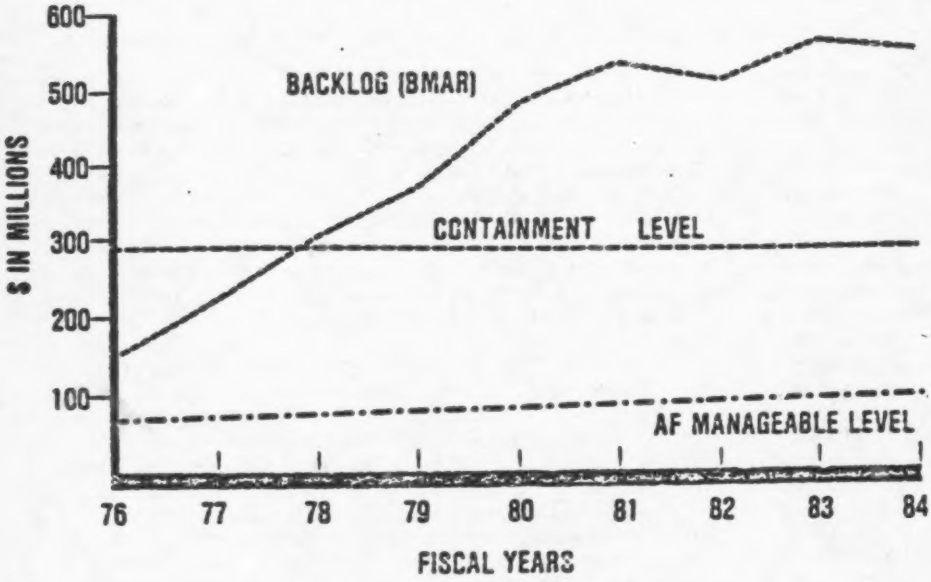
In fiscal year 1982 we were able to reduce the O&M BMAR for the first time since fiscal year 1975. However, because of competing requirements in an austere fiscal year 1983 O&M funding environment, we project an increase in the backlog this year. The fiscal year 1984 budget request includes sufficient funding to reverse this situation and provide a slight reduction in the BMAR. Congressional support of the Air Force real property maintenance funding requests has been outstanding in past years. We earnestly need your continued full support during consideration of the fiscal year 1984 budget request.

FACILITY MAINTENANCE AND REPAIR BACKLOG (O&M, AIR FORCE)

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Backlog (BMAR)	507	561	553

FACILITY MAINTENANCE AND REPAIR BACKLOG (O&M, AIR FORCE)



RECRUITING AND ADVERTISING

The recruitment of quality personnel is essential if the Air Force is to continue to meet its critical skill requirements. The O&M resources necessary to meet the recruiting goals in fiscal year 1983 and fiscal year 1984 are as follows:

[In millions of dollars]

	Fiscal year—	
	1983	1984
Recruiting	28.1	33.3
Advertising	15.3	16.1
Total	43.4	49.4

The Air Force recruiting objectives are as follows:

	Fiscal year—	
	1983	1984
Enlisted	65,000	76,100
Officer training school	3,521	4,847
Health professionals	1,331	1,314
Total	69,852	82,261

The increase of $6.0 million between fiscal year 1983 and fiscal year 1984 includes $1.8 million price growth and $4.2 million program growth. Although we are currently achieving our enlisted accession goals, increased emphasis is needed in difficult recruiting areas such as engineers, physicians in critical specialities, and fully qualified prior service personnel targeted at chronic critical skills. The program growth in recruiting is required to fund applicant processing costs and the recruiter support necessary to recruit 12,409 (or 17.8 percent) more enlisted, officer, and medical personnel than in fiscal year 1983. There is no program growth in advertising as we have aligned our resources to meet our most difficult recruiting programs.

SERVICE CONTRACTS

Our fiscal year 1984 budget request includes $387 million for studies and analysis, consultant services, systems engineering, contract engineering technical services [CETS], and other professional and management contract services. This provides for an increase of $101 million over fiscal year 1983, consisting of $13.5 million in price growth, and $87.5 million in program growth. Approximately $14 million (or 4 percent of the total fiscal year 1984 program) is for studies and analyses and for consultant services. A larger amount, $73 million (19 percent of the total) is for the CETS program. Contractor technical representatives provide instruction and training to Air Force personnel in the operation, installation and maintenance of weapons and equipment, particularly for new or modified systems. Often, these systems represent technologies which are new to Air Force operators and maintenance personnel, and for which formal training courses are either limited or non-existent. The importance of properly trained people cannot be over-stated—since they, along with the proper equipment, produce the day-to-day deterrence.

The largest amount, $300 million (77 percent of the total) is for what is called professional and management services by contract. It is important to understand what type of services are being purchased with these resources. System engineering and embedded computer software support of operational weapon systems accounts for $228 million of the total. Modern weapon systems are highly complex items requiring an enormous variety of engineering skills. It would be cost prohibitive to man, train and retain in-house personnel for all these skills. In addition, vendors and weapon system manufacturers possess a vast store and history of test reports, drawings, proprietary data, in addition to specialized hardware, which cannot readily be duplicated organically. For these reasons, we must rely heavily on contract service engineering. Other important service contracts reported in the category of professional/management services include technical support for the Defense Support Program, foreign technology analyses, and so on.

We recognize and share the Congressional concern that resources for all these service contracts be managed prudently. We have taken a number of initiatives to further this objective, including for example, significant revisions to our accounting system to better control these expenditures at the same (or greater) level of detail at which they are reported. We solicit your support of our budget request in this area.

SPACE OPERATIONS

The Department of Defense is becoming increasingly dependent on space-based assets to conduct effective and efficient military operations. The full integration of space operations in the employment of our terrestrial forces requires that we meet user requirements in terms of factors such as: availability, survivability, performance, supportability and capacity. Space operations include activities necessary to: (1) enable our access to space, (2) protect our resources from threats in and from space, and (3) operate space systems that enhance land, sea, and air forces.

The Air Force is committed to the Space Shuttle program. We support the schedule set by NASA for making the Shuttle operational, and have planned the transition of payloads to the Shuttle accordingly. We have provided backup boosters for early critical national security Shuttle missions to protect against unforeseen difficulties in the program.

As the DOD Executive Agent for space, the Air Force must provide support, force enhancement and defense. Space support operations include launch and recovery activities, on-orbit support, and satellite surveillance and control. Force enhancement includes golbal surveillance and communications capabilities, world-wide command and control systems, precise positioning and navigational data, and current, detailed and timely meteorological data. Space defense operations include detection, tracking, and identifying all objects in space, timely warning to the National Command Authorities [NCA] of hostile actions against the United States and our allies, developing the capability to deny or nullify hostile acts in or through aerospace, and conducting sustained operations to detect and analyze aerospace threats.

The Space Shuttle will perform space launch services formerly accomplished by a variety of expendable launch vehicles (ELVs). Beyond the objective of providing a reliable, safe, heavy lift and reusable space launch capability, the Air Force will use the Space Transportation System [STS] to routinely perform tasks not possible with expendable launch vehicles and not practical with earlier manned space programs. Compared with existing, expendable space boosters, the Shuttle will offer: Increased reliability; increased payload, weight and volume capacity; new capability to conduct on-orbit testing and repair of spacecraft or experiments; ability to conduct medical experiments and tests.

All payloads are being transitioned from expendable launch vehicles to the Shuttle and, under current planning, this will be completed by 1987, except for the Defense Meteorological Satellite Program. However, based on the history of technical risks, program schedules, and grounding of major launch and weapon systems, the Air Force will insure the availability of backup ELVs until the Shuttle reaches a level of reliability warranting closeout of the current families of ELV capability. Under current guidelines, the Air Force will backup national security missions for the first two years of operation at Kennedy Space Center and for the first year of operation at Vandenberg Air Force Base. Based on the success of the Shuttle to date, the Air Force plans to phase out the Titan and has not included funds in the fiscal year 1984 request to continue Titan production.

The Consolidated Space Operations Center [CSOC] at Colorado Springs will combine the two mission elements of satellite control and Space Shuttle operations for management, operational, and economic effectiveness. The satellite control element of CSOC will provide communications, command and control service functions for orbiting spacecraft. The Shuttle element will conduct flight planning, readiness, and control activities for DOD shuttle mission.

Space Program growth in fiscal year 1984 amounts to $194.1 million. This growth reflects support of the DOD Space Shuttle launches from Kennedy Space Center and progress toward the initial operational capability for launch and landing site at Vandenberg AFB (October 1985). It includes Vandenberg launch site O&M, orbital flight charges paid to NASA under the recently renegotiated pricing policy agreement, IUS launch services, support provided by NASA at Kennedy Space Center and Johnson Space Center, and mission assurance of Shuttle systems. Program increases also provide for Inertial Upper Stage [IUS] launch support, continuing support for the Satellite Control Network and Data Systems Modernization Program, and initial operations of the Consolidated Space Operations Center (CSOC).

U.S. CENTRAL COMMAND (FORMERLY RDJTF) HEADQUARTERS

The headquarters was establshed at MacDill AFB, Florida in 1980 to enhance the capability of the United States to project power rapidly in response to non-NATO contingencies. RDJTF HQ has reported directly to the Joint Chiefs of Statff (JCS) beginning October 1, 1981, and was designated effective January 1, 1983, as an independent unified command named as Central Command [USCENTCOM] with its own geographic responsibilities, support elements, and component forces. The Air Force has been designated as executive agent for logistical and administratvie support of the Headquarters. O&M requirements for the CENTCOM headquarters grow commensurately from $4.6 million in fiscal year 1983 to $6.6 million in fiscal year 1984. This growth in the headquarters is necessary to give the USCENTCOM Commander the resources required to exercise command, control and communications [C3] with his component forces and support elements which might be projected into and operated in the CENTCOM area of responsibility (Southwest Asia).

PEOPLE

Obviously, people are a key resource. No investment in equipment and facilities would produce readiness without a well-trained, motivated and dedicated force. We must attract and retain high quality young people, train them to do their jobs, and sustain them and their families. How well we do all these things is dependent upon our ability to reach these young people, and that also means O&M funding. Our recruiting stations, advertising, and the leased vehicles used by recruiters are paid for with O&M funds. Our technical training centers are operated with O&M funds. These centers train recruits in entry level job skills and, as they progress in their careers, the centers provide the skills they need to become senior technicians and managers.

When new weapon systems such as the F-15 are bought, instructors and maintenance personnel are sent to the manufacturers' plants for training. With the large turnover of personnel to recent years, requirements to train new personnel have grown steadily.

Once military personnel are trained and in the field, most of their operating support, except for pay and food, is provided by O&M funding. Dormitories are maintained and equipped with O&M funds, and dining halls are operated with O&M funds. Morale, welfare, and recreation facilities receive O&M support. The level of real property maintenance funds determines the condition of working facilities. These types of personnel support costs probably have more impact on retention than anything other than pay. Dollars spent for personnel support help avoid much larger costs needed to train replacements for dissatisfied people who leave the Air Force.

The following pages provide O&M Air Force budget data by major force program for fiscal year 1982-84.

STRATEGIC FORCES

Strategic Forces provide the capability to insure credible deterrence in support of national policy. These forces are combined into two major categories: strategic offensive and strategic defensive. Strategic offensive forces are those of the Strategic Air Command and consist of aircraft, missiles, and command, control and communications systems. Strategic defensive forces are those of the Space Command, Alaskan Air Command, and Tactical Air Command. These forces include: supersonic interceptors, atmospheric command and control, and space/missile surveillance systems. Funding requirements are summarized in the following table:

[In million of dollars]

	Fiscal year—		
	1982	1983	1984
Strategic offensive	(2,265.4)	(2,087.0)	(2,138.9)
Aircraft	1,427.8	1,200.8	1,112.5
Missiles	97.2	122.4	165.0
Other offensive operations	61.8	64.9	65.9
Telecommunication and command control	106.0	111.3	110.7
Base operations	572.6	587.6	684.8
Strategic defensive	(910.5)	(954.3)	(1,016.3)
Surveillance Radars	286.7	283.8	273.7
Surveillance Satellites	96.1	129.8	143.9
Other Defensive Operations	141.7	132.6	129.1
Telecommunication and command control	68.5	101.8	121.9
Base operations	317.5	306.3	347.7
Total [1]	3,175.9	3,041.3	3,155.2

[1] May not add due to rounding.

Major program increases in Strategic Forces for fiscal year 1984 include the following: SR-71 contractor logistics support ($+10.9 million); upgrade of part task trainers ($+2.4 million); service engineering for the B-52 and Minuteman ($+47.8

million); Air Launched Cruise Missile deployment ($+13.2 million); DOD Stock Fund accounting change ($+12.5 million); B-52 Weapons System Trainer ($+3.4 million); upgrade of base level computer systems ($+17.3 million); dismantling of Titan II silos ($+12.0 million); facility projects for strategic programs ($+37.9 million); Defense Support Program contracts ($+11.5 million); Worldwide Military Command and Control System ($+11.7 million); facility maintenance and repair ($+14.9 million); Sea Launched Ballistic Missile System ($+5.8 million); F-15 conversion ($+10.0 million); DYE-III life extension contract ($+5.0 million); dormitory furnishing ($+4.1 million); Cheyenne Mountain upgrades ($+3.1 million); force structure changes ($+3.2 million); and space surveillance system communications ($+3.0 million). These program increases are partially offset by a decrease in prices ($-57.1 million), CADIN-PINETREE Site Drawdown ($-48.6 million), flying hour program changes ($-18.2 million), Titan II phase-out ($-2.8 million), retirement of one F-106 squadron ($-7.4 million), and completion of Shemya Phase II facility upgrade ($-3.5 million).

GENERAL PURPOSE FORCES

General Purpose Forces consist primarily of the Tactical Air Command, the Pacific Air Forces, and the United States Air Forces in Europe. These forces provide for air superiority, counter-air, interdiction, close air support, reconnaissance and surveillance, electronic warfare, and special operations activities. The following table summarizes General Purpose Forces funding requirements:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Tactical fighters and weapons	1,623.0	1,632.3	1,615.3
Tactical reconnaissance, electronic warfare and special operations	116.3	124.9	158.3
JCS exercises	25.4	25.2	34.4
Combat support	84.2	116.5	168.7
Other command and control	159.3	171.5	208.9
Other tactical operations	97.1	109.4	112.3
Major range and test facilities	20.2	22.3	33.3
Tactical intelligence and special activities	119.5	145.5	208.9
Telecommunications and command control	108.1	102.9	122.8
Base operations	1,185.8	1,262.8	1,419.1
Total[1]	3,538.9	3,713.3	4,082.0

[1] May not add due to rounding.

Major program increases in fiscal year 1984 include support for the tactical flying hour program ($+84.8 million), the Dart Tow contracts for PACAF and TAC ($+4.9 million), support for activation of the Korean ACMI ($+1.5 million), EF-111 support ($+1.5 million), and increased range capability for the Tactical Fighter Weapons Center at Nellis AFB ($+9.8 million). The above increases directly enhance the readiness posture of our tactical forces. In addition there are further increases for support of GLCM beddown and Southwest Asia support ($+71.4 million), tactical intelligence and special activity programs ($+68.9 million), chemical and biological defense programs ($+13.7 million), the Rapier program ($+7.8 million), WRM readiness requirements ($+10.4 million), TT-1 support ($+21.4 million), and tactical airborne command and control systems ($+30.4 million). Also, a one time cost is included in fiscal year 1984 stock fund accounting policy change that allows obligation of customer funds upon acceptance of orders by the Stock Fund vs. obligation upon issue to the customer ($+54.8 million).

INTELLIGENCE AND COMMUNICATIONS

This program has four major areas of activity: The conduct of national, Department of Defense, and Air Force intelligence and security programs; worldwide communications and command control systems required by both National Command Authorities and the Air Force under all conditions of peace and war; space support activities; specialized functions such as weather service, rescue and recovery, air traffic control, and Office of Special Investigations (collectively called service-wide activities); and the base operations functions to support these activities. Funding requirements are summarized in the following table:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Telecommunications and command control	484.6	501.4	611.9
Space support	190.9	310.0	518.2
Intelligence and servicewide activities	451.5	546.3	671.4
Base operations	29.1	31.5	29.5
Total[1]	1,156.1	1,389.2	1,831.0

[1] May not add due to rounding.

The increases in funding requirements in fiscal year 1984 include price growth ($+53.8 million); Space Launch Support Program ($+170.3 million); Consolidated Space Operations Center ($+7.6 million); Satellite Control Facility ($+14.1 million); Weather Service ($+16.1 million); Air Traffic Control ($+3.2 million); Electronic Combat Intelligence Support ($+2.6 million); Office of Special Investigations ($+2.5 million); Jont Surveillance System ($+16.4 million); Defense Data Network ($+14.1 million); Joint Deployment System ($+9.5 million); Contract Logistic Support for E–4B ($+8.9 million); Defense Satellite Communications System ($+4.6 million); Mobile Ground Entry Points ($+4.1 million); Satellite Data System ($+3.7 million); and WWMCCS Information System ($+4.5 million).

AIRLIFT FORCES

This program provides the funds to operate and maintain the Military Airlift Command [MAC]. The primary mission of MAC is to maintain the readiness of the military airlift systems in support of contingency and wartime plans and operations. This mission has two subsets: strategic airlift and tactical airlift.

The O&M funds requested in this program are for the initial qualification and upgrade training of C–5, C–141, and C–130 aircrews, operation and maintenance of MAC bases, advance helicopter crew training, command, control and communications, maintenance of an operational support airlift system, and field and organizational aircraft maintenance. The funding also supports DOD flying hour requirements for specific airlift missions assigned to the Air Force as a mission/funding responsibility, and local area training for C–5, C–141 and C–130 aircrews.

The peacetime readiness training of the military airlift system provides airlift capability as a training by-product. This by-product satisfies a large portion of the air transportation requirements of the Army, Navy, Air Force, Marine Corps, and other Government agencies by way of airlift services provided on a reimbursable basis by the Airlift Service Industrial Fund [ASIF].

Funding requirements are summarized in the following table:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Assigned airlift mission	528.3	548.6	535.4
Mission support	182.7	188.2	178.6
Command support	15.7	17.9	17.7
Telecommunication and command control	19.4	20.2	27.3
Base operations	441.9	388.5	454.9
Total [1]	1,188.0	1,163.4	1,213.8

[1] May not add due to rounding.

The increases in funding fiscal year 1984 include flying hour increase; e.g., local training Joint Airborne/Air Transportability Training ($+62.3 million); facility projects by contract ($+34.8 million); ADP maintenance and software support ($+13.1 million); European Distribution System Aircraft Support ($+3.9 million); full-year C-SAM lease ($+3.7 million); and command and control communications ($+2.4 million). Offsetting these increases are negative price growth ($−57.7 million); reduced C-5 Allowable Cabin Load requirements ($−11.5 million); and other adjustments ($−.6 million).

CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance funds essential logistical support to operating forces worldwide through the functions of distributions, materiel management, prime procurement, contract management, depot maintenance, and first and second destination transportation. In addition to the direct Air Force mission, similar logistical support is provided to the Air Force Reserve, the Air National Guard, other DOD and government agencies, and selected foreign governments. This program also supports commissary operations, the Utah Test and Training Range, Eastern Test Range, Western Test Range, the Military Aircraft Storage and Disposition Center, printing and publications, telecommunications, and associated base operations. Funding requirements are summarized in the following table.

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Supply depots	263.1	289.0	290.2
Inventory control	382.0	429.5	452.1
Procurement operations	133.5	150.1	157.5
Depot maintenance	2,280.8	2,646.9	2,975.4
Modernization	379.3	462.6	439.6
Industrial and stock fund support	−260.5	−411.9	0
Transportation	557.5	613.9	648.3
Miscellaneous logistic support activities	122.0	161.9	150.8
Industrial preparedness	14.2	12.2	13.0
Printing/publications activities	49.0	49.4	52.5
Test ranges	191.4	194.0	206.5
Commissary operations	165.4	168.0	175.4
Command	68.2	67.5	65.5
Disability and unemployment compensation	62.0	65.0	0
Telecommunication and command control	24.7	24.5	24.5
Base operations	500.9	461.6	486.9
Total[1]	4,933.5	5,384.2	6,138.2

[1] May not add due to rounding.

Adjustments to funding levels in fiscal year 1984 include price growth of $959.4 million and program changes of $205.3 million. Depot maintenance changes include decreases of $160.0 million for the contract depot maintenance policy revision (which was funded on a one-time basis in fiscal year 1983) and $101.9 million in aircraft modernization requirements, and an increase of $70.9 million for readiness related depot maintenance and $22.9 million for missile modification. Other Program VII changes include $33.2 million for transportation requirements, $18.9 million for logistics management system modernization, $9.6 million for data automation (Phase IV), $8.7 million for a DOD Stock Fund accounting policy change, and $3.4 million for other changes. It also reflects transfers of $77.1 million for unemployment and disability compensation an $33.9 million for postal costs to MFP IX.

TRAINING, MEDICAL AND OTHER GENERAL PERSONNEL ACTIVITIES

This program provides for training, medical care and other activities for personnel as individuals rather than as members of organizations. The O&M funds are used to provide individual training for military and civilian members of the active Air Force, Air Force Reserve, Air National Guard, Air Force Academy and AFROTC cadets. This program also includes recruiting activities, military personnel off-duty education programs, and civilian education and development programs. The medical portion provides essential medical capability to meet wartime and peace-

time requirements; and provides health care for active duty personnel, and to retire personnel and other authorized recipients on a space available basis. The funding requirements summarized in the following table.

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Recruiting, advertising and examining	46.3	46.8	53.5
Recruit and specialized training	142.0	168.7	176.2
Officer acquisition	56.9	66.8	71.5
Flight training	324.0	333.3	305.4
Professional development education	35.7	43.4	49.1
Education and training—health	26.9	30.5	32.0
Other personnel activities	81.5	94.8	99.2
Training support activities	50.1	57.0	61.6
Base communications—training	17.5	20.1	20.6
Base operations—training	432.5	452.6	483.8
Hospital operations	433.6	470.9	517.8
Care in non-Air Force facilities	30.7	40.1	43.1
Telecommunications and command control—medical	4.4	5.1	7.3
Base operations—medical	100.6	101.1	113.9
Total [1]	1,782.8	1,931.1	2,034.9

[1] May not add due to rounding.

The increases in training funding requirements in fiscal year 1984 include replacement of aging standard base level computers with modern Phase IV Systems ($+7.8 million), formulation of the Command Readiness Exercise System [CRES] at Air University ($+4.2 million), a 17 percent increase in enlisted accessions ($+4.8 million), and other changes designed to increase the quantity and especially the quality of Air Force personnel as the demand for high-technology specialists grows.

The increase in medical funding requirements in fiscal 1984 includes stock fund accounting policy change (obligation of funds at date of requisition in lieu of date of receipt); war reserve material [WRM] facilities and communications support; increased initial outfilling and architect/engineering services requirements in support of increased military construction funding; replacement of medical supplies benchstock; deferred occupational and environmental health laboratory services; and medical supplies requirements associated with increased beneficiary strength.

ADMINISTRATION AND ASSOCIATED ACTIVITIES

This program covers administrative support of departmental and major administrative headquarters, field commands and associated activities. This program also provides the Air Force and DOD agencies with essential photographic and video services. Resources are included for the Civil Air Patrol, Air Force Audit Agency, Air Force Service Information and News Center, Air Force Accounting and Finance Center, Aerospace Audiovisual Service, Air Force Inspection and Safety Center, and Air Force Manpower and Personnel Center. Funding is also provided for servicewide support in specialized areas and, beginning in fiscal year 1984, reimburses the U.S. Postal Service and Department of Labor, respectively, for official (indicia) mail and unemployment and disability compensation payments. The following table summarizes the funding requirements:

[In million of dollars]

	Fiscal year—		
	1982	1983	1984
Headquarter's Departments	66.4	77.9	107.5
Servicewide support	210.5	241.6	341.7
Personnel activities	36.9	42.0	45.1

	Fiscal year—		
	1982	1983	1984
Other support activities	10.3	11.3	11.2
Telecommunication and command control	7.3	7.3	7.7
Base operations	18.6	19.7	22.9
Total [1]	350.0	399.8	536.1

[1] May not add due to rounding.

The increases in funding requirements in fiscal year 1984 include price growth ($+14.9 million); ADP support ($10.0 million); Standard Level User Chargers [SLUC] ($2.4 million); civilian personnel ($4.2 million); transfers in from MFP VII including unemployment and disabiliity compensation ($+77.1 million) and official mail costs ($33.9 million); offset by decreases in ADP, travel and supplies ($-6.3 million).

SUPPORT OF OTHER NATIONS

This program provides funding for support of Air Force personnel assigned to the North Atlantic Treaty Organization [NATO], Supreme Headquarters Allied Powers Europe [SHAPE], other joint military headquarters and agencies, NATO airborne early warning and control [AEW&C] activity, and management headquarters technology transfer functions. Funding requested is shown below:

Support to other nations

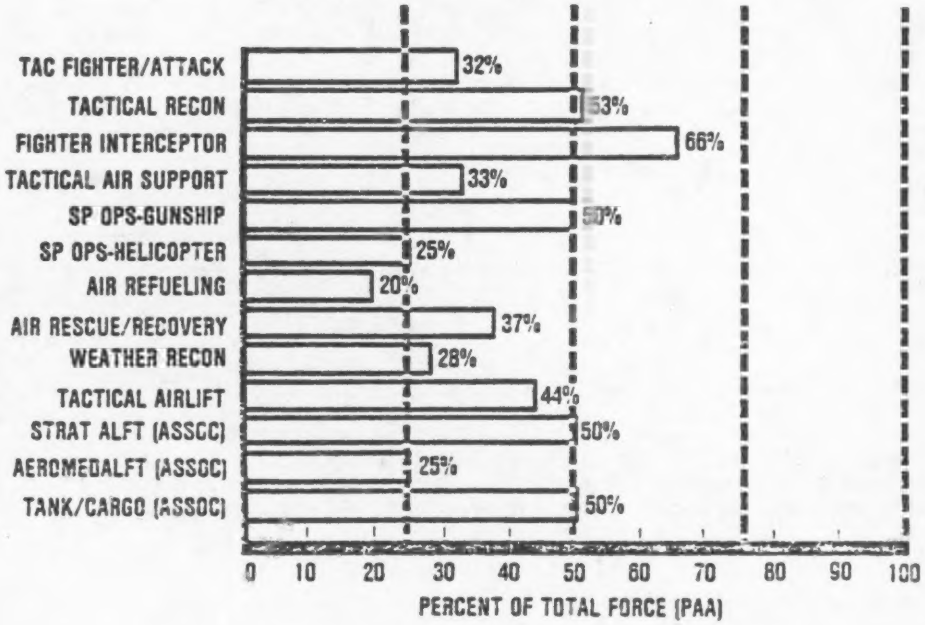
Fiscal year:	*Millions*
1982	$7.7
1983	$7.1
1984	7.9

The major changes in funding requirements in fiscal year 1984 include price growth ($+.2 million), travel and supply support to international activities ($+.4 million); and technology transfer function ($+.2 million).

AIR RESERVE FORCES

Pursuant to the total force policy, the Air Force has placed increasing reliance on the significant contribution of the Air Force Reserve and Air National Guard to its overall combat and support capabilities. As illustrated in the following chart, the Air Reserve Forces make up over half of the Air Force's tactical reconnaissance, fighter interceptor and tactical airlift capability. Air Reserve associate units make up almost half of the Air Force's strategic airlift and tanker/cargo airlift capability. The contribution across-the-board is substantial.

AIR RESERVE FORCES CONTRIBUTION TO TOTAL FORCE FY 1984



OPERATION AND MAINTENANCE, AIR FORCE RESERVE

The mission of the Air Force Reserve is to develop and maintain operationally ready combat units, mission support units and individuals that are available for active duty in time of war, national emergency, or other threats to our national security. To accomplish this mission, the Air Force Reserve conducts a comprehensive program of recruitment, training, and operations. The force structure consists of 36 equipped flying units, 18 nonequipped associate units (flying C–141, C–9 and C–5 aircraft assigned to the Military Airlift Command), two non-equipped KC–10A associate tanker units assigned to the Strategic Air Command, and 145 mission support units.

Operation and Maintenance funding provides for the day-to-day operating expenses of Reserve bases and units, including pay of civilian personnel, aviation and ground fuels, depot maintenance, supplies, and other expenses required to carry out the Reserve mission.

The following table shows O&M, Air Force Reserve funding for fiscal year 1982–84:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Budget activity:			
Mission forces	483.8	535.7	546.6
Depot maintenance	76.5	100.9	131.2
Other support	115.3	128.4	137.2
Total	675.6	765.0	815.0

The increase in funding requirements in fiscal year 1984 includes price growth of $3.5 million. Program increases are the result of a full year's operation of aircraft conversions that occurred in fiscal year 1983 plus two additional conversions in fiscal year 1984. These include an F-16 Tactical Fighter unit ($+9.7 million) and one C-130 Tactical Airlift unit ($+9.2 million). Mission increases to enhance readiness and wartime capability occur in KC-10 Tanker Cargo ($+11.7 million), A-10 Tactical Fighter units ($+4.5 million), C-5 Strategic Airlift units ($+3.8 million), F-4 Tactical Fighter units ($+2.2 million), Civil Engineer, Aerial Port, Aeromedical, Evacuation and Communication Security units ($+8.0 million). Depot maintenance program growth ($+12.1 million) is related to these conversions which result in more modern sophisticated aircraft. These increases have been partially offset by decreases in units affected by the conversions ($-14.7 million). The following table shows manpower data for fiscal year 1982, fiscal year 1983, and fiscal year 1984:

[End strength]

	Fiscal year—		
	1982	1983	1984
Military	64,443	66,600	69,880
Civilian	11,723	12,432	12,593

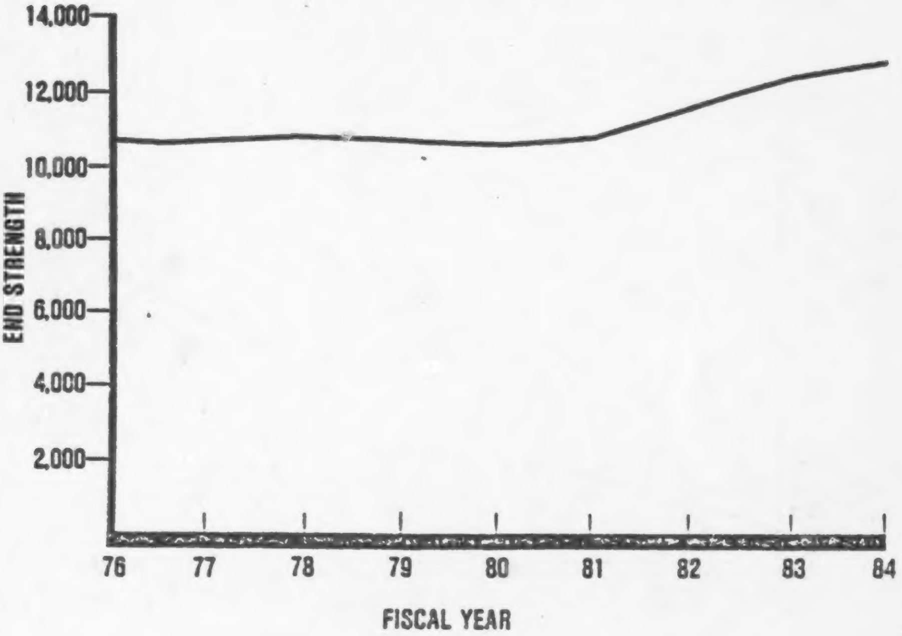
The major changes between fiscal year 1983 and fiscal year 1984 are the result of the full year impact of aircraft conversions occurring in fiscal year 1983 plus two additional conversions in fiscal year 1984. Increased mission requirements in civil engineer, aerial port, and medical units also contribute to manpower changes.

AIR FORCE RESERVE FLYING UNITS

	Fiscal year—		
	1982	1983	1984
Flying squadrons:			
KC-135	3	3	3
C-130	13	14	15
C-123	1	—	—
C-7	2	—	—
WC-130	1	1	1
HH-1/UH-1	1	1	1
HC-130	1	1	1
HH-3/AC-130	2	2	2
CH-3	1	1	1
AC-130	1	1	1
F-105	1	1	—
F-4	5	5	6
A-10	3	5	5
Associate squadrons:			
C-141	13	13	13
C-5	4	4	4
C-9	1	1	1
KC-10	1	2	2
Total	54	56	56

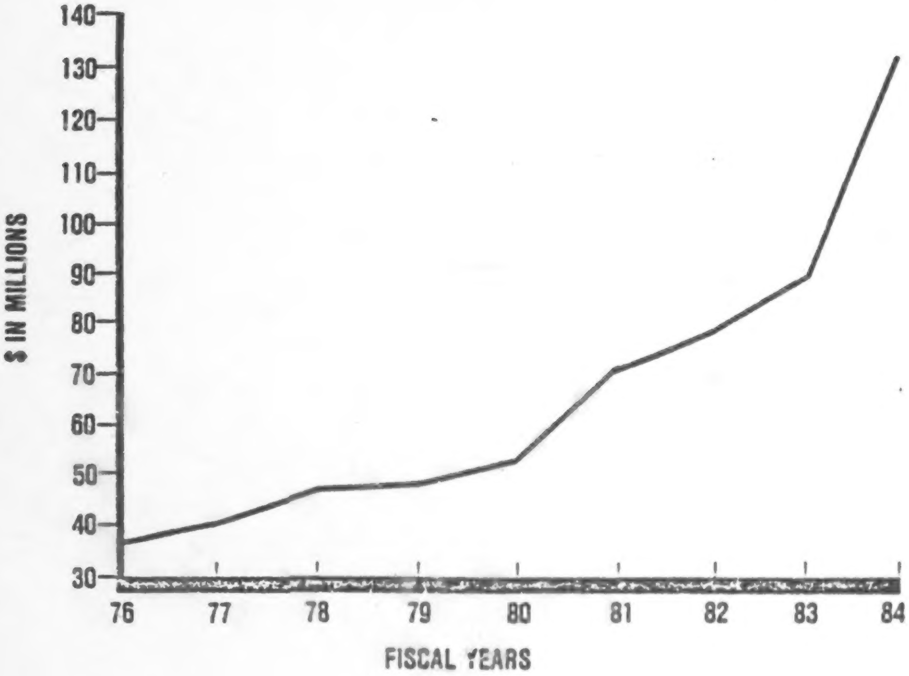
The following chart shows that the Air Force Reserve civilian end strength has remained relatively level over the past 9 years.

CIVILIAN MANPOWER
O&M, AIR FORCE RESERVE



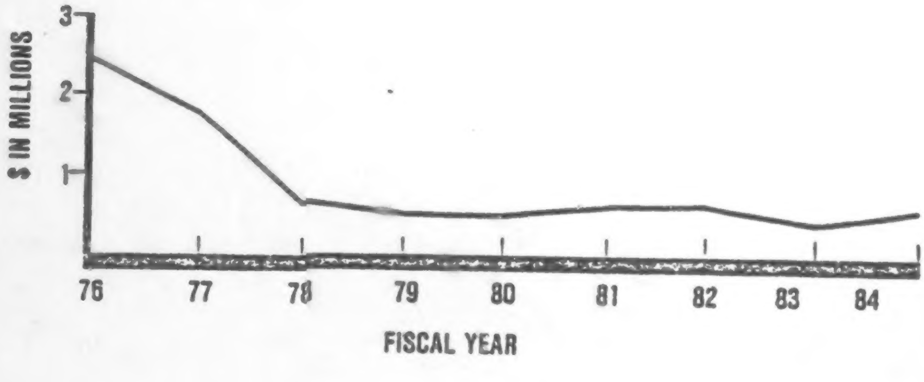
Depot maintenance costs have grown steadily since fiscal year 1976 because of inflation, the increasing number and sophistication of aircraft, and the increasing average aircraft age.

DEPOT MAINTENANCE COSTS
O&M, AIR FORCE RESERVE



The backlog of facility repair and maintenance has been reduced since fiscal year 1976, as shown in the following chart.

FACILITY MAINTENANCE & REPAIR BACKLOG
O&M, AIR FORCE RESERVE



OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

The Air National Guard (ANG) is programed to have 91 flying units and 240 non-flying units in fiscal year 1984. Although no new flying units will be formed, two existing units will experience changes. Two F-106 tactical fighter units will convert to the F-4D unit will increase from 36 to 44, one F-4D. In addition, one F-4C unit (i.e., the Replacement Training/Unit) will increase its Primary Aircraft Authorization [PAA] from 4 to 12, one F-4D unit is programed to increase from 18 to 24, and one F-16 unit will increase from 18 to 24.

Operation and Maintenance [O&M] funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuel, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for fiscal year 1982–84.

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Budget activity:			
Mission forces	1,327.4	1,360.0	1,366.6
Depot maintenance	239.6	343.3	340.6
Other support	101.8	118.8	117.5
Total	1,668.8	1,822.1	1,824.7

Mission Forces funds all costs for the operation of the ANG flying and non-flying operations. There is negative price growth of $−23.8 million in this area, partially offset by $30.4 in program growth.

Depot Maintenance consists of ANG reimbursement to AFLC for depot maintenance on aircraft and other equipment. The price growth is $52.2 million, while there is a negative program growth of $54.9 million. This apparent negative program growth does not reflect an actual reduction in requirements, but rather the fact that the one-time JT-3D reengining costs must be taken out of the fiscal year 1983 baseline. When this is taken into account, there is some program growth.

Other Support provides funds for costs associated with support of aircraft, operating costs of the National Guard Bureau's Air Directorate, real property maintenance funds, and base operating support funds for seven bases for which the ANG is host or single manager (e.g., Buckly, Ellington, Forbes, Otis, Portland, Rickenbacker, and Selfridge). Price growth for this account is $2.7 million with a negative program growth of $4.0 million.

Major program changes which occur in O&M, ANG between fiscal year 1983 and fiscal year 1984 are:

(*a*) A slight increase in workyears.

(*b*) Increased flying hours.

(*c*) A modest increase in supply accounts to finance conversions, PAA additions, and camouflage fatigues.

(*d*) An increase in the number of aircraft PDM's exchangeables, and in-service engineering which when offset by a reduction for the cost of the fiscal year 1983 JT-3D reengining program portrays depot maintenance as a reduction.

(*e*) Additional funds to maintain new facilities.

(*d*) Small transportation cost increase.

(*e*) Small increase in other purchases.

The following table shows manpower data for fiscal year 1982–1984.

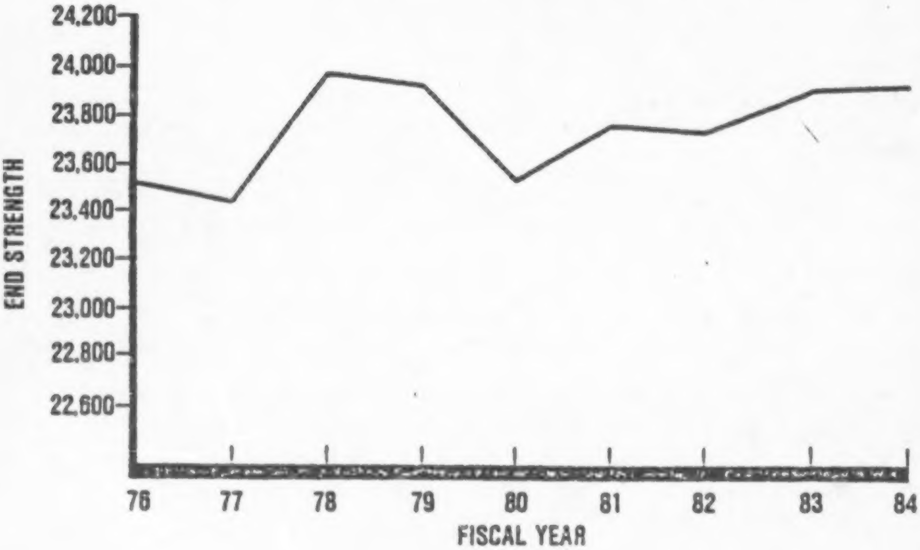
[End strength]

	Fiscal year—		
	1982	1983	1984
Military	100,657	101,781	104,104
Civilian	23,735	23,908	23,921

The increase in military end strength between fiscal year 1982 and fiscal year 1984 is driven principally by force structure changes, increased aircraft maintenance requirements, and new missions and equipment. The major factor contributing to the increase in civilian end strength is recovering from a temporary fiscal year 1982 end strength shortfall.

The fluctuation in ANG civilian end strength from fiscal year 1976 to fiscal year 1984 shown in the next chart is due to increased manning requirements caused by increases in ANG missions and equipment.

CIVILIAN PERSONNEL O&M, NATIONAL GUARD



AIR NATIONAL GUARD FLYING UNITS

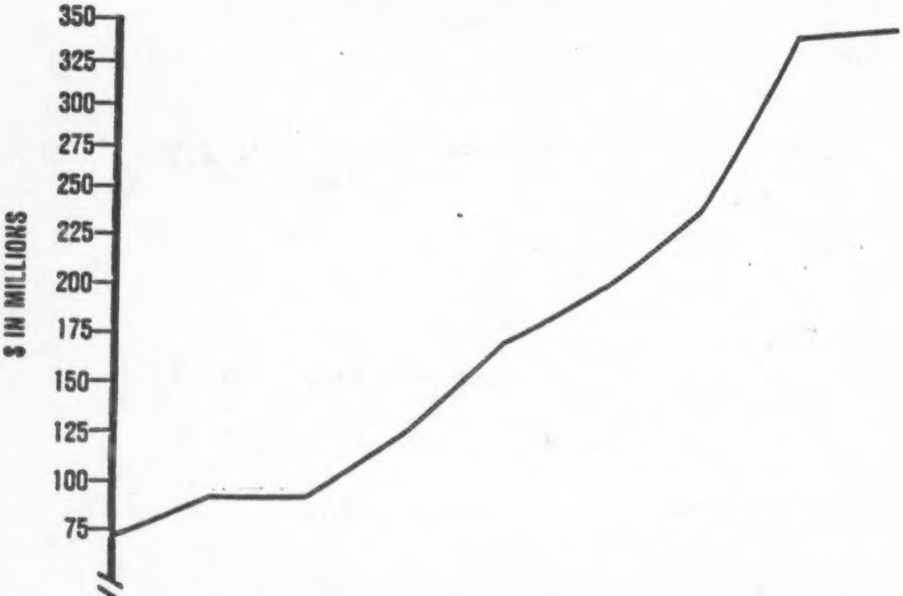
	Fiscal year—		
	1982	1983	1984
MDS:			
A–7	15	14	14
A–10	5	5	5
C–130	19	19	19
EC–130	1	1	1
F–4 (ADTAC)	5	5	7
F–4 (TAC)	12	15	15
F–16	0	1	1
F–105	1		

AIR NATIONAL GUARD FLYING UNITS—Continued

	Fiscal year—		
	1982	1983	1984
F-106	5	5	3
HC-130	2	2	2
KC-135	13	13	13
O-2	2	1	1
OA-37	3	3	3
RF-4	8	7	7
Total	91	91	91

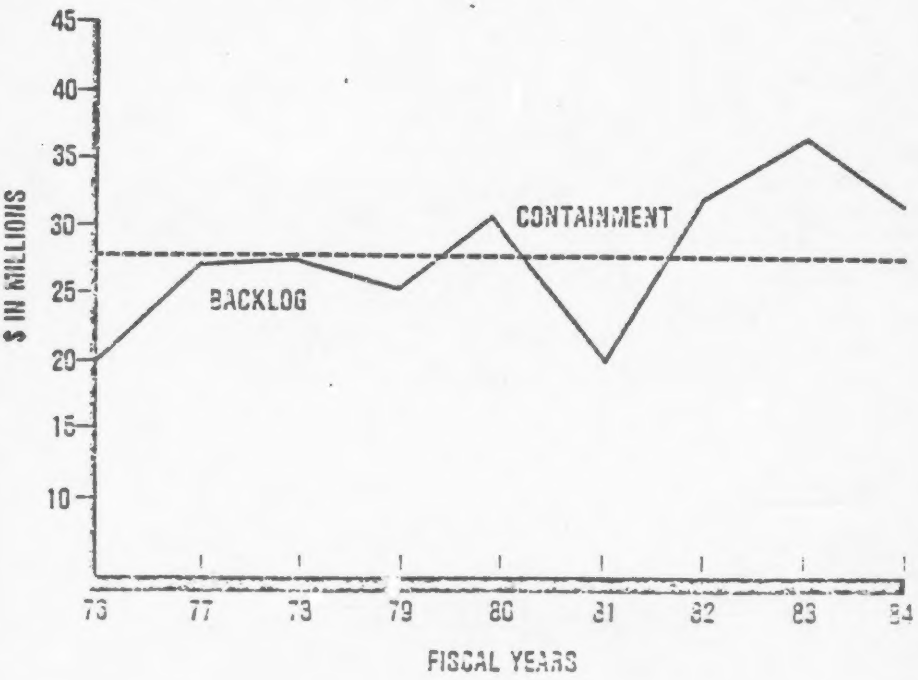
Depot maintenance costs have increased for the Air National Guard due to inflation and increasing sophistication/complexity of ANG aircraft. Growth since fiscal year 1976 is shown on the following chart:

DEPOT MAINTENANCE COSTS
O&M, AIR NATIONAL GUARD



The following chart shows the backlog of facility repair and maintenance since fiscal year 1976. The congressional "containment" goal is $28.3 million. The ANG goal is $22 million which represents an acceptable backlog level of 6 months' effort. The growth in the backlog since fiscal year 1981 is due to the acquisition of Rickenbacker ANGB, Ohio, Otis ANGB, Massachusetts, and Kingsley Field, Oregon from the active Air Force.

FACILITY MAINTENANCE & REPAIR BACKLOG
O&M, AIR NATIONAL GUARD



CONCLUSION

This concludes my overview of the fiscal year 1984 Air Force O&M budget requests. In summary, the fiscal year 1984 O&M, AF budget request is a carefully developed, austere estimate of the resources needed to support a balanced program of aircraft, flying hours, manpower levels, and base structure, thereby operating and maintaining a modern, well-trained and combat-ready force.

Thank you for your interest and support.

Senator HUMPHREY. We have a 6-percent real growth in O&M in 1984 over 1983. Now, the 1983 base is the dollars that you actually got; is that correct?

General METCALF. Yes, sir. Yes; it is. I prefer to refer to the spread back up to 1982 and talk to a 3-percent growth per year, 1982 to 1984, rather than 6 percent all in 1 year—if you will allow me that latitude.

Senator HUMPHREY. Well, the question is how adequate that growth is when force-growth considerations are entered in. We are going to have more airplanes, more personnel. What is left of that real increase after your increased requirements are factored in?

General METCALF. The real growth that we show is directly related to force growth and direct program. There is no "robusting," if you will, no getting well in existing programs.

Senator HUMPHREY. It is mostly eaten up by new requirements.

General **Metcalf**. New requirements all the way. If you look, we are introducing new weapon systems and trying to a very limited degree to make a restoral in the real property maintenance.

Senator **Humphrey**. Well, you dwelled at some length on that chart that showed O&M in constant dollars back some number of years. But I do not really see the relevance of that. Percent of total Air Force budget seems to be a more revealing yardstick. Is it not? I mean, there has to be some relationship between size of force and so on, and O&M. In that respect O&M is declining from 26.5 to 23.3 percent in 1984.

Do you disagree with my analysis? Why was there the stress on expressing O&M in constant dollars?

STATEMENT OF MAJ. GEN. TRUMAN SPANGRUD, DIRECTOR OF THE BUDGET

General **Spangrud**. Sir, I would like to interject on this one since I have the responsibility for the whole budget, in terms of seeing it balanced.

The O&M budget is put together in a built-up manner as we described earlier. We have a commitment in the Air Force to make sure that that is fully priced, that when we take a look at the aircraft—we are going to be operating the missile forces, whatever—we make sure that is fully priced when we put our POM together before we add the investment dollars.

When we get a "bogie" from OSD that says, "Here is what you are going to have for the next few years, top line," before we add the investment dollars we fully price the O&M.

I have no problem with that. I serve on the Air Staff Board and the board structure, and I have no problem getting support across the board for making sure that our O&M is fully funded before we go to adding the program.

So, when you look at the 40–60 mix we have today and you compare that to the 50–50 mix between investment and operations and support that we have had for the 35-year history of the Air Force, it looks out of balance. But what we have to remember is, during the 1970's we got down to a 60–40 mix the opposite way. We are trying now to recover from that period of the 1970's.

I also have to point out that in 35 years of a 50–50 split we had a steadily aging Air Force. So therefore we have to be above 50 percent on investment for a period of time here in the 1980's in order to restore an Air Force that does not constantly age us.

So, the essence of your question on the percent that goes to O&M, while we maintain that trace, we do that after the fact. We do not put a percentage, a fixed percentage, into O&M or MILPERS, or whatever. We do those after the fact and we do it for analysis purposes. But, in fact, it is not the way we distribute our resources.

MAINTENANCE BACKLOG

Senator **Humphrey**. Of course, we are worried about getting back into the pit we fell into in the 1970's. When we see some of these indicators pointing in that direction, we are very concerned.

On backlog maintenance, I believe, your chart showed through 1984. What is going to happen in 1985?

General HANSEN. We are doing an analysis on the backlog on maintenance at this very moment. There is some indication that in 1985 it will increase.

Senator HUMPHREY. The backlog will be greater?

General HANSEN. Yes, sir; it will be greater. It is going to take additional funds to maintain the backlog at an acceptable level.

Senator HUMPHREY. I realize that your choices are difficult in distributing a shortfall. But what is the point in buying new aircraft, new equipment, and more spares, if we do not have the ability at the depot level?

General HANSEN. Let me just say, sir, perhaps I gave you the wrong impression. First of all, our intent is to fully fund the depot maintenance portion of it. That has to be funded because of those very reasons that you just stated.

Once again we come back to the difficulty of dealing with the old airplanes. A good example would be the C–130 this past year when we had to put all of our airplanes into the depot for wing inspections because of some cracking that was identified. That has a severe drain on our depot requirements.

So, it is really sort of a result of the unknown. We will continue to be faced with that, and we will just have to deal with that and fund that as it comes up.

General SPANGRUD. Could I add to that, Senator?

Senator HUMPHREY. Yes.

General SPANGRUD. When we talk about the $60 million, depot-maintenance shortfall we have to put that in perspective, that is a $3 billion account. So, we are talking about 2 percent.

In the 1970's we were running 5-percent shortfalls, the dollar values were lower. We were not spending $3 billion. So, once again like in the spares area even though we have a nominal shortfall we have a substantial growth in terms of the absolute dollars that are going in each year, into depot maintenance.

So, 2 percent on an estimating basis is not all that bad. We were just pointing out it was not 100 percent.

UNDERFORECASTING REQUIREMENT FOR SPARE PARTS

Senator HUMPHREY. Speaking of the unknown, can we go into this underforecasting of requirement for spare parts, is that the area where you fell short this year?

General HANSEN. That is the area that we fell short in 1982, and we carried it over into 1983 and part of it in 1984. It was just too big of a bite to chew off at one time.

Senator HUMPHREY. I am not sure I understood the reason for that. There seemed to be a number of reasons.

General HANSEN. Yes, sir.

Senator HUMPHREY. The program was inadequate, but why did not that same thing happen in other years, if that was the case?

General HANSEN. Well, in previous years we were coming off the high buildup, the high inventories of Vietnam. As our force structure decreased, we were actually living off those high inventories. That sort of masked it.

We are also coming off a high, flying-hour program that we were not attaining. The fact that we were funding ourselves for a flying-hour program and not meeting it gave us sort of a buffer zone also.

We were also being funded during that period of time at 24 percent, 35 percent. There was not a lot of attention given to identifying how much the shortfall was. If you are 45 percent or 35 percent underfunded there is still a serious impact.

So, it was not until 1982 when we thought we were 100 percent funded and found out much to our chagrin that we were not because of the increased requirements that we had a faulty requirement program. Then we have taken many near-term and far-term improvements to correct that.

By 1988 I think we will have a good system and between now and then, incrementally, we will be adding to it. We have devised two types of forecasts right now to double check each other.

So, we feel relatively confident that the numbers we have are good.

Senator **Humphrey**. You are confident that we are not going to have any similar surprises in 1984?

General **Hansen**. Yes, sir, I have told my immediate superior that will not happen, and I have been watching it. We have had a validation point already. We have been right on the mark on that validation point. So, I am breathing a little bit easier. As the second and third validation points come up, we will feel even more confident.

But it looks very good. Our forecast model is accurate.

Senator **Humphrey**. Senator Levin?

FLYING HOUR PROGRAM

Senator **Levin**. Just on that point. Are you saying that part of this problem was created by having a greater flying-hour program than we were able to meet?

General **Hansen**. Yes, sir, what I meant by that was, we were not meeting it. We had a flying-hour program that we were not meeting. We used that as sort of a buffer zone for spares.

Senator **Levin**. Is that not exactly what we are doing this year, too?

General **Hansen**. No, sir, in the last few years we have met our flying hour requirements.

Senator **Levin**. Will we be doing it this year?

General **Hansen**. Yes, sir, we certainly will.

Senator **Levin**. When did we discover that this requirement was faulty, was that in 1982 did you say?

General **Hansen**. That was in the execution of fiscal year 1982 and it was identified in September of that year, right at the end of the fiscal year.

Senator **Levin**. Well, did we intend to fully fund this year's requirement? Was it the Air Force's intention?

General **Hansen**. Yes; it was. As a matter of fact, our senior leadership when they appeared before the Congress stated that 1982 was a banner year and that we were fully funding in almost all areas of spares, and with a continuation into 1983 that would completely fund out our spares requirements.

Senator LEVIN. Well, when did we first find out that we were not fully funding the 1983 requirement?

General HANSEN. In September 1982, sir, and as a result of the shortfall in 1982.

Senator LEVIN. And when did we discover that we were not fully funding the 1984 requirement?

General HANSEN. At the same time, sir, because of the rollover. Actually what happens, you have a shortfall and then you roll over into each of the succeeding years.

We did not have enough time to react to the 1983 budget because it happened so late in 1982. We were able to make some minor adjustments to the 1984 budget of about $800 million.

Senator LEVIN. Why could you not fully fund the 1984 budget if you discovered the problem in late 1982?

General HANSEN. It is a question of balance, sir, at that particular time. Also, we had not developed a new forecasting system which took us about 6 months to do.

So, actually it has only been in the last 2 or 3 months, actually the last 3 months, that we have finalized our forecasting system.

PEACETIME OPERATING STOCKS

Senator LEVIN. So that the 1985 requirement for peacetime operating stocks will be fully funded.

General HANSEN. Yes, sir, in my earlier remarks I stated that.

Senator LEVIN. What will take us until 1988 to do?

General HANSEN. To take care of the OWRM, the other war reserve materiel. We will fully fund out mobility wartime spares and our peacetime operating spares. Our OWRM will actually be funded in 1986, which will give us an 1988 capability because of the 2-year leadtime.

Senator LEVIN. Going back to the depot maintenance issue, I do not know who was answering this question.

General METCALF. I think we both were.

Senator LEVIN. I gather that the backlog of depot maintenance is going in the wrong direction at the moment.

General METCALF. Yes, sir.

Senator LEVIN. Two years ago it was $11 million, and last year, 1983, it was $42 million, this year it is $63 million; is that correct?

General METCALF. Yes, sir.

Senator LEVIN. As a percentage of the funding it may be going up a little, but that is not a major concern because the funding is going up so much; is that what you are saying, General?

General SPANGRUD. Yes, sir.

Senator LEVIN. But you still are concerned?

General SPANGRUD. Yes, sir, we are concerned because it represents workload that should be done with the aging airframes that we are operating, the inspections that must be accomplished. We believe that it is essential if we look at beyond the discussion of air frames and periodic maintenance, depot maintenance facilities.

Senator LEVIN. When I first got here I heard that we had really shorted readiness and O&M in the 1970's, that we were really underfunded. All I heard about was spare parts and war reserves, petroleum stocks, O&M funds. This was drilled into my head as a new Senator, that we really had underfunded O&M.

Now, General, what you are telling us today is that we underfunded investment more than we did O&M in the 1970's in the Air Force.

General SPANGRUD. It was a combination of both, sir.

Senator LEVIN. But which was worse?

General SPANGRUD. Well, it would be hard to make a judgment as to which was worse. We tried to keep a modest investment program alive and we tried each year, the Air Staff Board and the Council, tried to make the best decisions at that time with the amount of money they had.

It is hard to change O&M or operating support in the short run. You cannot get people out of the force very quickly and you cannot change flying hours very quickly. So, that sort of was a fixed cost. Then, whatever was left they were using to modernize the force on a modest basis.

We did manage to introduce several new aircraft as you recall—it started out in 1969, 1970—the E-3, the E-4, the A-10, the F-15; the F-16 came on a little bit later. So, we got those introduced but we never bought them in large numbers because we just did not have the dollars to put in the force structure while we had to maintain the force that we had, which had been cut by a third from our prewar 1964 level.

Senator LEVIN. Is not the upshot of what you are saying that during the 1970's you believed that you were further behind in modernization than you were in maintenance, or is that not a necessary conclusion?

MAINTENANCE AND MODERNIZATION UNDERFUNDING

Maybe that is or is not a necessary conclusion. If it is not, I will not push you any further. Is that what you are saying that it is not a necessary conclusion that you were farther behind in maintenance than you were in modernization in the 1970's?

General SPANGRUD. For the size of the force that we had we were probably funding it better than we were the modernization because there is no limit on the modernization. Our needs are so much greater, usually, than the amount of funds we get in any particular year.

So, I would have to say that modernization fell further behind than O&S, but they both were behind.

Senator LEVIN. So the maintenance is the one we ought to watch; it is going in the wrong direction. It is up now to $63 million?

General SPANGRUD. Sir, can I go back to that?

Senator LEVIN. Certainly.

General SPANGRUD. We have a positive growth trend here in the O&M budget since 1980. We are on that 3-percent per year growth line which matched our flying hour increases, our personnel increases. It was supporting the increased force structure we were getting.

Last year you recall that the budget was put together on the Hill in a time when we did not know whether we were going to have a bill or a CRA. So, at the time there were last-minute decisions made very quickly and there was an emphasis on getting outlay cuts.

So, therefore when we talked about the $1.2-billion reduction, that was the largest we had in an O&M cut in a decade. We used to get cuts of maybe 3 percent. This was like 6 percent.

We were over on the Hill working, all of us, general officers and colonels were trying to help the staffers make the best decisions. But it was done very quickly. So, therefore, we got cut a little bit more in O&M, I believe, that was the intention.

So, therefore we are now trying to work that problem. When Colonel Metcalf said that our real property maintenance by contract, which is where it all comes to eventually because that is the last thing that you usually buy in a year, when he said that is going to fall to $280 million from $480 million he is assuming we are going to get a supplemental that we are working on right now. It could even be worse than that.

Senator **Levin**. A 1983 supplemental?

General **Spangrud**. I am sorry, not a supplemental, a reprogramming into O&M.

Senator **Levin**. Is that over here?

General **Spangrud**. No, we have not gotten it over here, sir, we are working on that right now. We are working it internally.

All I am saying is that it is serious enough that we are trying to move money out of the investment side and put it into O&M to limit the damage because we did get hit harder than we expected.

Senator **Levin**. If you think you had a problem last year you have seen nothing because if we are going to go to a 5-percent real growth——

General **Spangrud**. We are concerned about that because it looks like we have 6-percent real growth in O&M and in fact we do not, we only have 3 percent over the 2 years since 1982.

Senator **Levin**. I am trying to help create a record here so we can have some argument when we come to fight with our colleagues on all these other subcommittees.

General **Spangrud**. Yes, sir.

REAL PROPERTY MAINTENANCE BACKLOG

Senator **Levin**. That, "By God, let us keep our O&M up here, let us worry about reserve stocks and spare parts."

I cannot say that we are doing very well on this record because everything seems to be all right.

I am mighty concerned when I see the real property maintenance backlog of $553 million, up from 1980. I am very much worried when I take a look at the depot maintenance backlog going up again; that concerns me. But it is going to be mighty tough, I can tell you, when we get into the argument of where we ought to make these cuts because we are going to obviously cut from 10-percent real growth.

We are either going to do it intelligently or foolishly. The more help we can get from the Air Force and the other services on this, the better off we are.

Frankly, so far what we are getting from the Defense Department—I am not picking on you guys—is, "Hey, everything is fine."

The Defense Department tells us we cannot touch anything without jeopardizing national security.

On the other side of that coin is, since we are going to touch some things, that we are going to make some mistakes that we do not have to make if we got the input of everybody.

I am now going a little off today's subject, but we would be a lot better off than just getting stonewalled over there. I am not talking about the Air Force, I am talking about the DOD response to our request of, "Where should we cut since we are going to cut?"

The answer is, "Do not cut." That is not very helpful because we are going to cut. I mean, there is no doubt about it—whether it is 5 percent, 6 percent, 7 percent, there is going to be a cut and we need some help.

Now, from this subcommittee's point of view, at least as one member of the subcommittee I would like to carry the case for doing well on preparedness and not making these cuts in preparedness. But it is very tough to make that case with the kind of testimony that we are eliciting.

For instance, "Well, as a percentage of the total, look how good we are doing." Rather than a concern that it has climbed from $11 million to $63 million, the argument we get back is, "Hey, we are doing great as a percentage of the total." That is the other way of looking at it.

All I am telling you is that when it comes to those nitty-gritty markups, getting together with the other subcommittees, I am going to have to point to a record. This record is going to be seen by everyone and the record I am going to have is going to be thrown right in our teeth, "As a percentage of the total you guys are doing pretty well over there in preparedness."

This is just my own reaction to the kind of testimony we are getting. I am not being critical, I understand you are caught between what you have to do and what we are trying to pressure you to do. So, I am not trying to put you in a particular bind. But I see that as the outcome.

Let me just ask one more question. I do not want to cut off your opportunity to respond but I am way over my 10 minutes. The chairman is usually overly generous with me.

Maybe I will just stop here and wait for my next turn with the last question because I have gone a lot more than 10 minutes, unless the general wants to comment.

Senator **Humphrey**. Go ahead.

REPROGRAMING REQUEST

Senator **Levin**. All right. Let me see if I can find this other question.

This has to do with the reprograming request that we are going to be getting relative to the pay raise. I do not know who to look to for this answer. Whoever is the most appropriate witness perhaps can respond to it.

How are you going to absorb the 25-percent pay raise in 1983, do you know yet?

General **Metcalf**. The reprograming has not been submitted to the Congress. In fact, we had one hearing on it. It will be absorbed between a combination of aircraft procurement, other procurement, and the RDT&E appropriation.

Senator **Levin**. Is that a hearing on the Senate side?

General **Metcalf**. No, sir, it was not. It was on the House side. There are two reprogramings.

Senator **Levin**. In other words, you are not getting it out of O&M, is that the bottom line?

General **Metcalf**. That is exactly right, sir.

Senator **Levin**. Thank you.

General **Metcalf**. I might add, all the absorptions that we were forced to face up to this year are being covered by sources outside of the O&M appropriation. The Air Force recognizes the value and the worth of the O&M contribution to readiness.

General **Chain**. Senator Levin, may I comment to your macroquestion?

Assuming that cuts are going to be made—which one reads about in the paper—as the Air Force's head operator I would ask you not to cut readiness and sustainability as reflected in the O&M accounts. That if something has to go it should be force structure with the associated O&M that goes with it. But do not take any extra away except for any weapon systems that happen to disappear.

We were in a terrible position in the 1970's, in spite of what my colleagues said that know the nitty-gritty about the percentages. But from an operator's point of view we were in lousy shape and we did it to ourselves collectively, in the Defense Department, in the Air Force, and over here on Capitol Hill.

We needed, because of the end of the Vietnam war, new aircraft and we bought them—F-15's, F-16's, A-10's, E-3A AWACS. Consciously, our predecessors put money into those accounts and sacrificed readiness and sustainability.

The flying hours went right down the tube. In 1978, 1979, we lost pilots by the droves. Some people thought it was because the airlines were hiring, that was a draw. But we were pushing them out the door because we were not flying. If we do not fly people in our Air Force when that is what we hire them to do, then they are going to leave. They are very talented people and they do not have to sit around.

We caused great harm to our combat capability in the 1970's because we got our Air Force out of balance. I am content that since 1980 we have put it back into balance and, for God's sake, do not allow us to get it out of balance again by allowing somebody else to do something not very bright by taking away from O&M while they continue to support force structure.

If something has to go, it needs to be force structure with the corresponding O&M money.

FUNDING FOR SPARE PARTS

General **Hansen**. Sir, I would like to respond to that also from the logistics side.

I have watched many of our young, highly trained maintenance technicians become totally frustrated because of a lack of spare parts, because of a lack of wherewithal to do the job that we hired them to do.

In the same tone they became so frustrated, as I took my visits to various bases they said, "General, why can we not have the spare parts that we need to fix the airplanes?" My report at that time, in 1982, was that the senior leadership and the Congress had recognized the importance of readiness and would be funding those spare parts.

We have been able to maintain a highly specialized, trained, logistics maintenance force. I am sure if readiness once again deteriorates, that it will be a double-edge sword and that we will lose those highly skilled people to outside the Air Force.

General **Metcalf**. If I might comment also. I mentioned earlier in my comments that in the Air Force I had heard from all the major commanders. I would like just to flash excerpts from three commanders in the field and their remarks, if I might:

> We have made some badly needed improvements in readiness and RPMA in the past few years. However, we are still hurting because of the serious underfunding in the 1970's. Adequate O&M funds are critical to sustaining these needed catch-up efforts. We strongly believe that a supplemental appropriation (or reprograming) is absolutely essential to correct the O&M problems.—General Creech, Commander, TAC, February 1983.

This is General Creech, the commander of TAC. You will notice that he talks to the serious underfunding in the 1970's and he fears a returning to that.

Senator **Levin**. I wonder if that whole statement can be made a part of the record.

General **Metcalf**. Yes, sir, I will be pleased to do that.

Can I have the second chart?

This is General Davis, SAC.

> A return to the O&M problems experienced in the mid 1970's would be unacceptable. Aside from direct mission support for DMSP and space shuttle launches. We must keep our physical plant and people programs from degenerating. It is imperative that we reverse any trend which views O&M as an afterthought. It is the backbone of the air force.—General Hartinger, Commander, Spacecom, March 1983.

Senator **Levin**. These are both February 1983 statements.

General **Metcalf**. February 1983. Their responses after we provided the operating commands their budgets for the balance of the year.

"The 1983 shortfall has taken us a step backward." Again a reference to the era of the late 1970's and the middle seventies.

General Hartinger, commander of Space Command. "A return to the O&M problems experienced in the mid-1970's would be unacceptable."

We have a package. As I indicated, every major commander in the Air Force came on line with comments very similar.

> The Air Force and USAFE have made good progress in O&M funding during the past several years. Real improvements have been made in readiness, mission support, and people programs. However, it appears that congressional support for improved O&M funding is eroding.
>
> We need to maintain the momentum of fiscal year 1981 and 1982 funding in USAFE as we upgrade our weapons systems and bring new missions on line.
>
> Strongly recommend that a fiscal year 1983 program supplemental developed for submission to the Congress at the earliest possible time.—General Minter, Commander in Chief, USAFE, March 1983.

It is my firm conviction that the credibility of strategic deterrence must be based on a solid foundation of readiness. This readiness cannot be sustained without adequate O&M funding. The fiscal year shortfall has taken us a step backward and has seriously undermined my ability to maintain a ready force.—General Davis, Commander, SAC, February 1983.

In summary, the negative real growth being experienced this year in the O&M account is having an impact that is real, substantial, and deleterious to the readiness of the Military Airlift Command.—General Allen, CINCMAC, February 1983.

Operational and maintenance funding is the life blood of ATC. I solicit your support for congressional approval of a program supplemental or reprograming actions to meet essential ATC and Air Force O&M requirements.—General Ryan, Commander, ATC, March 1983.

I am concerned with the fiscal year 1983 O&M funding allocation—we still face serious problems in the space-related area. The cost of supporting our space capability still exceeds the funding available. We need your continued support to solve this problem.—General Marsh, Commander, AFSC, March 1983.

The shortage of current year O&M funds severely impacts our mission of providing worldwide logistical support to the Air Force and reduces the capability of the Department of Defense to perform its mission. We will vigorously support any action you find necessary to accommodate the austere level of fiscal year 1983 O&M funding, but the impacts on Air Force readiness and sustainability remain a deep concern.—General Mullins, Commander, AFLC, March 1983.

We have—critical unprogramed requirements that remain unfunded. We need additional funds for these essential programs.—Lieutenant General Braswell, CINCPACAF, March 1983.

AAC's current O&M funding level and recent congressional reductions will have a direct and immediate impact on operational readiness, direct mission support, and other essential programs vital to this command.—Lieutenant General Clark, Commander, AAC, March 1983.

We now face the very real prospect of implementing undesirable actions that will adversely impact the operational mission of other Majcoms.—Major General McCarthy, Commander, AFCC, February 1983.

Senator HUMPHREY. Thank you very much, gentlemen.

We are going to go into an executive session at the end of this hearing. General Chain, you and others are welcome to appoint colleagues to remain for the executive session.

We will go next to the Reserve and National Guard before the executive session.

Thank you for your testimony.

General CHAIN. Thank you, sir.

Senator HUMPHREY. Our next witnesses are Maj. Gen. Sloan R. Gill, Chief of Air Force Reserve, and Maj. Gen. John B. Conaway, Director, Air National Guard.

General Gill, you must be senior—your statement is first in my book. Are you?

General GILL. Actually, General Conaway is senior, sir.

Senator HUMPHREY. I will go to General Conaway, then.

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE

General CONAWAY. Thank you, Mr. Chairman and members of the committee. It is a pleasure for me to appear before you again on behalf of the Air National Guard for the U.S. Air Force.

I want to thank the members of the committee and staff for their support of the Air National Guard. The great contribution of both the Air Force and this committee have contributed to the high state of readiness that we have enjoyed in the history of the Air National Guard.

We currently have our highest strength in history at 102,000 personnel, which equates to over 98 percent of wartime strength. The execution of the budget that we have before you for 1984 would take us to 99 percent of wartime strength.

Today, the Air National Guard, as part of the total Air Force, has approximately 1,700 aircraft, primarily in the fighter and attack, reconnaissance and air defense missions. The Guard also has airlift and strategic tanker forces supporting SAC and MAC forces.

Our primary mission, as you are aware, is to train our units to provide a major contingency backup force to the U.S. Air Force. In addition, we must be prepared to support our State mission as part of the National Guard when called on by the Governors of the 50 States, three territories, and the District of Columbia.

With both a Federal and State mission and as a byproduct of our training, the Air National Guard mission is global in nature. The Air Force has committed the Air National Guard to missions, rotations, and augmentations, both inside and outside the continental United States.

We have been committed by the Air Force to 66 percent of the air defense of the continental United States, 100 percent of the air defense for the State of Hawaii, and we are to have a dedicated mission of A-7's for 365 days a year in the defense of the Panama Canal Zone. The Air National Guard, performs this mission by rotating our units such as the Selfridge Michigan A-7 unit. They deploy 1 month each year in defense of the canal.

We also are committed with 15 major flying units and 15 combat communications units to support of the Central Command Rapid Deployment Force. In addition, we have 13 tanker alert locations in the United States and a tanker task force in Europe.

The Air Force is increasing the combat capability of the Air National Guard by increasing the PAA, the primary aircraft authorized, at many of our units where they are able to do so.

We are taking F-4 units, with Air Force programing resources to us, from 18 aircraft to 24 aircraft. This keeps the O&M, the base operating support cost, at the lowest possible while increasing combat capability. For example, Richmond, Va., will go from 18 A-7's to 24 A-7's as the Air Force is programing them for this summer.

Our South Carolina Air National Guard unit at McEntire, we are happy to say, will be our first Air National Guard unit in F-16's, with the conversion taking place this summer. They have already received their first aircraft for maintenance training. Hopefully, we are programed by Air Force for more of those in the years to come.

We have an excellent aircraft enhancement program taking place today in the Air National Guard. One of those has been the re-engining efforts of our KC-135's with JT-3D engines. We are also programed for the CFM-56 re-engining at two of our units. The JT-3D re-engined aircraft are designated KC-135E's and they are doing an excellent job in support of the Air Force for Hawaii.

TRAINING AND OPERATIONAL COMMITMENTS

To support our training and operational commitments, our fiscal year 1984 O&M request is basically adequate, although only slightly above the 1983 appropriations—by only $3 million. The reason for this is that there are some one-time costs that were funded in fiscal year 1983 that are not included in the 1984 request.

For example, the JT-3D money last year that was added into the 1983 request is not in the 1984 budget. Some cold-weather gear that was put into the Air National Guard appropriation—which we thank this committee for—was in there as a one-time cost, as was a real property maintenance one-time cost item that we had a need for also.

So, when you take those out, we have a 3.1 percent growth, real growth, in our O&M account for the coming year.

Mr. Chairman, that completes my brief opening remarks. I appreciate the support of this committee which has greatly helped us achieve our combat capability.

The only units in the Air National Guard that are not combat ready today are those units that are in conversion. Every person in the Air National Guard has to be able to be mobilized along with all of our units within 24 hours, and they are all deployable within 72 hours.

The Air National Guard is ready with the equipment we have on hand.

Thank you.

[The prepared statement of Maj. Gen. John B. Conaway follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE

INTRODUCTION

Mr. Chairman and members of the committee, it is my pleasure to report to you on the current status of the Air National Guard.

The Air Guard is at its highest readiness level in history and has attained a new high in manning with over 100,000 men and women, military and military technician, deeply committed to performance of both a State and Federal mission.

The State mission of the Air National Guard is to provide organized, trained, and equipped units to respond to orders of State authorities, to protect life and property, and preserve peace, order, and public safety. During fiscal year 1982, the Air National Guard was called upon 27 times to perform State duty for approximately 1,700 workdays. These missions involved support of medical evacuations, snow emergencies, floods, explosive ordnance disposal, drug enforcement operations, icestorms, and fires. In addition, the Air Guard was called upon 56 times to support the National Search and Rescue Service involving 660 workdays and resulting in 30 saves/rescues.

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our flying units continues to remain high despite increased tasking and conversions to new and more complex weapon systems. Military manning was 100,650 at the end of fiscal year 1982 and is projected to be almost 101,800 by the end of fiscal year 1983 and approximately 104,100 by the end of fiscal year 1984. The Air Guard flys more than 1,670 aircraft in a variety of demanding missions ranging from Air Defense and Tactical Fighter and Airlift to Strategic Air Refueling and Rescue and Recovery. We participate as full partners with the active Air

Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

In 1982 the Air Guard achieved its second lowest Category A aircraft accident rate in history with a rate of 1.9 accidents per 100,000 hours of flying after achieving a 1.7 rate in 1981. Of special note, the tactical fighter aircraft had no pilot caused accidents in the low altitude environment (i.e., high speed below 500 feet). Prevention of accidents requires a positive, professional attitude, and dedication to effective mission training. Our people have both.

In summary the Air Guard is proud of its combat readiness, manning accomplishments, humanitarian assistance, and significant role in today's total Air Force.

FLYING UNITS

Air National Guard flying units are organized into 24 wings, 67 groups, and 91 flying squadrons. The continued strong support of the active Air Force is permitting us to replace older, less capable aircraft with more modern and sophisticated weapon systems.

In the first quarter of fiscal year 1983, the Guard established an F-4 Air Defense training facility at Kingsley Field, Oregon, and transitioned one 0-2A unit to F-4Cs. In the second quarter, the Air National Guard completed the retirement of the F-105s converting the last unit to F-4Ds. In July, the Air National Guard will receive its first multi-mission F-16s. The F-16 is an exceptional aircraft with a superior technological capability. Its introduction into the Air National Guard is another step forward in the continuing efforts to upgrade mission capability and achieve a general compatibility between active Air Force and Air National Guard aircraft types. The A-7s displaced from the unit converting to F-16s will be used to increase the unit equipage of other Air National Guard A-7 units.

Additionally, in the fourth quarter of fiscal year 1983 an RF-4C unit will convert to F-4Ds and another RF-4C unit will increase unit equipage concurrent with the establishment of a Replacement Training Unit (RTU) for ANG reconnaissance assets.

By the end of fiscal year 1983, six of the thirteen Air National Guard KC-135 units will be equipped with the JT-3D reengined tankers. An additional unit will be retrofitted by the end of the first quarter of fiscal year 1984.

In fiscal year 1984, the ANG will continue modernization efforts in most major mission areas. Two Air Defense units will convert from F-106s to F-4Ds, initiating the retirement of F-106 interceptors from the Air National Guard. The ANG F-4 interceptor training school and the F-4 tactical fighter RTU will be further expanded. Two tactical fighter units (F-16 and F-4) will receive additional aircraft, expanding to 24 primary aircraft authorized. One tactical airlift squadron will convert from C-130Es to C-130Hs and the C-130Es will be transferred to the Air Force Reserve to complete the retirement of their C-7 aircraft.

As a result of modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total air force combat capability and will fulfill a large portion of force commitment during any future, serious crisis. In fiscal year 1984 the Air National Guard will possess 65 percent of the total Air Force Air Defense Interceptor forces; 53 percent of Tactical Reconnaissance forces; 32 percent of Tactical Airlift forces; 26 percent of Tactical Fighter forces; 17 percent of Aerial Refueling forces; 14 percent of Rescue and Recovery forces; 19 percent of Electronic Combat forces; and 32 percent of Tactical Air Support forces. In addition, Air Guard flying units are tasked in Central Commands's [CENTCOM] plans. CENTCOM was formerly called the Rapid Deployment Joint Task Force [RDJTF].

The continued emphasis on modernization and readiness has resulted in adjustment of the organization precedence ratings for all Air National Guard units to equal levels with comparable Air Force units. This action places the Air National Guard on an equal footing in the DOD logistics system with its active counterparts in consonance with Department of Defense policies.

In spite of continued support in aircraft modernization, the Air National Guard will continue to employ an aging aircraft fleet. At the end of fiscal year 1984, almost two-thirds of our aircraft will be over 15 years old with 23 percent over 20 years of age. As a result of our aircraft conversions, we also are experiencing a shortage of aircraft ground support equipment. Filling that shortage and completing mission improvement modifications to our tactical fighter and strategic refueling aircraft are our most pressing needs in the near term.

NONFLYING UNITS

Equally important to the success of the Air National Guard mission are our nonflying units. There are 240 independent units heavily concentrated in the areas of combat communications, weather, tactical control, engineering installation, civil engineering, and air base defense.

The combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are lso equipped to provide terminal air traffic control facilities and services. In addition, Air Guard combat communications units are tasked in CENTCOM plans. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe and Korea in support of major exercises.

The Air National Guard has 39 weather flights most of which provide weather support to Army Guard and Reserve units. We do have one weather flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units which they are tasked to support.

Our tactical control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime taskings and quick response deployment schedules. Most of these units now possess the TPS-43E Radar. The remaining units will receive this new radar in fiscal year 1983. Tactical control units train at their home stations by controlling Active and Air National Guard fighter aircraft and by system-wide simulated exercises. As with combat communications, these units also play a major role in JCS exercises. Most noteworthy was the deployment of a full squadron of personnel to Southern Italy in support of a USAFE/NATO exercise. This was the first deployment of its kind of a CONUS-based ANG tactical control unit to Europe. The exercise was an outstanding success and will become an annual event. Further, the two new Air Support Radar Teams added in fiscal year 1982 will be operational in fiscal year 1983, Each unit is equipped with new TFB-1C tactical radars.

Our Engineering Installation Squadons [EIS] are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios, and teletype and communications centers. They maintain proficiency by augmenting the Air Force on Communications-Electronics-Meteorological [CEM] facility requirements worldwide. Two Air Guard EI units deployed to Europe in August 1982 and performed successfully under simulated wartime conditions.

The ANG Medical Service supports our 91 flying units and readiness requirements of the AF Medical Service. Additionally, there are nine aeromedical evacuation units. The medical units have manpower packages ranging from 26 to 50 personnel depending on the size of the flying unit supported. The aeromedical evacuation units are programed to support HQ MAC during tactical aeromedical evacuation scenarios. There are seven flights consisting of twelve crews each and two squardrons consisting of 25 crews each. As of 31 December 1982, the total personnel in the ANG Medical Service was 4,384 in all medical specialties. Fiscal year 1983 to 1987 will see growth in additional aerovac crews.

Air National Guard Civil Engineering Red Horse and Prime Beef units have conducted deployments to active Air Force bases, Air National Guard bases, and Army National Guard posts for annual training including specialized training in Rapid Runway Repair. The construction, alteration, and repair projects undertaken by these forces not only helps them hone their skills for their wartime mission but also greatly assists the host base in completing urgently needed projects.

Like their flying unit counterparts, our non-flying units contribute heavily to total Air Force combat capability. In fiscal year 1984, the Air National Guard will possess 70 percent of the Air Force combat communications forces, 55 percent of the tactical control forces, 55 percent of the engineering installation forces, and 12 percent of the weather reporting and forecasting forces.

Some progress is being made in providing modern state-of-the-art equipment to our non-flying units. As with our flying units, filling of equipment shortfalls and replacement of aging equipment is a major goal in the near term.

REALISTIC TRAINING

I have discussed some of the contributions the Air National Guard makes to the Air Force as a by-product of training. The realistic training is best embodied through our participation as full partners with other components in JCS and USAF training exercises. Our overseas deployments have increased from four in fiscal year 1980 to seven in fiscal year 1983. The Air National Guard goal of eight deployments will be reached in fiscal year 1984. These deployments temporarily move entire flying untis to theater locations along with ground support personnel, as well as civil engineering, tactical control, and communication units, and furnish the Guard with realistic and valuable training.

To illustrate the Air National Guard's global readiness and the realistic training received, we recently deployed F-4s to Iceland, England, and Norway; A-10s to Turkey; and A-7s to Portugal. We also have two KC-135 tankers on constant tasking with the European Tanker Task Force in England. In the Southern Command region, the Air Guard maintains four A-7s on station at all times in defense of the Panama Canal, maintains two Aircraft Control and Warning Radars in defense of Puerto Rico, and supports airlift requirements throughout Central and South America with six C-130 aircraft. The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as the National Training Center at Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

In Alaska, our RF-4s have provided photo support for exercises, and Air Guard tankers have supported the Alaskan Tanker Task Force. In other areas ANG RF-4s have supported the Peacetime Area Reconnaissance Program [PARPRO].

In the Pacific, our F-4s from Hawaii have participated in Pacific Air Forces' Red Flag, have fired missiles at Combat Sage, and will participate in Team Spirit 83 in Korea. Two Aircraft Control and Warning Radar Squadrons provide 24 hour per day air defense surveillance of Hawaii. In addition, we had more than three hundred combat communications and one hundred tactical air control personnel supporting JCS exercise Team Spirit 82 in Korea. Air Guard KC-135 units support the Strategic Air Command Pacific Tanker Task Force in Guam and Cope Thunder in the Philippines.

Such a high degree of operational readiness demonstrates that the Air National Guard, when equipped with modern aircraft and equipment, is a full Total Force partner in the front-line of our defense forces.

I am proud to report to this committee that combat readiness and capability to perform the wartime mission of the Air National Guard was again successfully demonstrated in 1982 by Air National Guard units during Air Force Operational Readiness Inspections [ORIs]. These inspections were conducted under realistic wartime scenarios, and the majority of Air National Guard units received these inspections while at deployed locations. This deployed concept is expanding to include C-130 and tactical control units. Since the inception of the realistic scenario in 1976, covering every aspect of the wartime mission, Air National Guard units have materially enhanced their capability and readiness.

MANPOWER

The Air National Guard achieved an end strength of 100,657 in fiscal year 1982. This is the highest strength level ever achieved by the Air National Guard, and it exceeded the fiscal year 1982 budgeted strength by 557 personnel.

The Air Guard's fiscal year 1983 program is 971,223 drill strength and 4,558 full-time active duty Guardsmen for a total end strength of 101,781 and an average strength of 101,500. In fiscal year 1984, we have programed 98,189 drill strength and 5,915 full-time active duty Guardsmen for a total end strength of 104,104 and an average strength of 103,400. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirement.

While the Air Guard's fiscal year 1982 strength was above the programed levels, many critical skills remain below acceptable levels. We are still experiencing difficulty in securing non-prior and prior service personnel in certain career fields such as munitions, security, avionic sensor systems, and ground communications-electronics maintenance. We fully expect to achieve our strength goals through fiscal year 1984 and anticipate improved manning in the critical skill areas.

The Air Guard's recruiting program is currently structured toward precision recruiting (recruiting for critical skills or valid Unit Manning Document vacancies only). The overall responsibility for recruiting lies with the respective State or territory. Along with precision recruiting, the Air Guard is placing special command emphasis on recruiting rated officers, medical officers, minorities, and women. Renewed emphasis is being placed on the Palace Front program. This program allows the Air National Guard to identify prior service Air Force personnel separating from the Active Air Force. The special emphasis on these programs will aid our recruiters in finding qualified individuals from all backgrounds to fill existing critical skill vacancies.

Major efforts in initial and critical skill acquisitions are continued in our effort to maintain ANG combat readiness. The conversion of ANG units to increasingly modern aircraft has resulted in hard-to-fill skills which require longer technical training periods. Through continued Congressional support, funding has been provided to support the retraining of on-board, experienced ANG personnel as well as retraining of prior-service personnel into critically needed skills so that ANG units are able to meet increased/changing mission requirements.

The Air National Guard full-time manpower program consists of a mix of military technicians and military duty [AGR] personnel that is predominately military techician. This combined workforce is the catalyst of success in meeting the responsibilities and missions assigned to the ANG. Under the Total Force policy, readiness and response capability are completely dependent on availability of these personnel.

In fiscal year 1982 the Air National Guard slightly exceeded its combined military technician and military duty [AGR] end strengths. We expect to fully meet our fiscal year 1983 end strength programs, which are approximately 1,200 greater than fiscal year 1982.

As a result of congressional guidance to establish a floor for military technicians in the Reserve components, our military technicians will remain constant through fiscal year 1983. However, we have 1,357 additional AGR personnel programed for fiscal year 1984 to fill increased requirements associated with aircraft, equipment, and other support requirements of the ANG.

We will continue to evaluate our future manpower needs and we will request a mix of personnel, either military technician or AGR, on the bais of cost effectiveness and combat readiness.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance [O&M] funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuels, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for fiscal year 1982–1984:

[In millions of dollars]

	Fiscal year—		
	1982	1983	1984
Budget activity:			
Mission forces	1,327.4	1,360.0	1,366.6
Depot maintenance	239.6	343.3	340.6
Other support	101.8	118.8	117.5
Total	1,668.8	1,822.1	1,824.7

The Air National Guard O&M request for fiscal year 1984 increases $2.6 million, or less than two tenths of one percent, above the fiscal year 1983 level. Price growth amounts to $31.2 million but this is partially offset by a $28.6 million reduction in program growth. I will briefly address the major changes within each program of the appropriation.

Mission forces.—This program finances Air Guard flying and nonflying operations. The fiscal year 1984 budget request reflects a net increase of $6.6 million, comprised of a $23.8 million reduction in price growth and a $30.4 million increase in program growth. A $42.2 million decline in fuel costs due to lower standard fuel prices is partially offset by price increases of $18.4 million in other areas. A $44.8 million increase in programs, including the cost of flying and a DOD stock fund accounting policy change, is partially offset by a $14.4 million program reducing primarily due to the elimination of one-time equipment purchases in fiscal year 1983.

Depot maintenance.—This program finances the Air Guard's Depot Maintenance requirements, including airframe repair, engine overhaul, and repair of other major components. The fiscal year 1984 request is $2.7 million less than the fiscal year 1983 level. The apparent negative program growth is not an actual reduction in requirements, but rather the fact that JT-3D reengining costs are included only in the fiscal year 1983 baseline. When this is taken into account, there is an actual program growth of $10.9 million in this account, primarily for increased C-130 and F-4 requirements.

Other support.—This program finances the command administration of the Air National Guard, including the personnel assigned to the Air Directorate of the National Guard including the personnel assigned to the Air Directorate of the National Guard Bureau. It also provides for costs associated with base operations at those locations where the ANG has host responsibility and for the repair and maintenance of real property. The $1.3 million decrease in the fiscal year 1984 budget request is primarily due to the elimination of a one-time real property maintenance item added by Congress in fiscal year 1983.

SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, and it provides a State militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national, and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizens airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

Senator **HUMPHREY**. Thank you, General Conaway.

We will defer for just a moment before we go to General Gill. Senator Levin has a time problem and I will yield to him at this point.

Senator **LEVIN**. Thank you, Mr. Chairman.

I just had a couple of questions of General Conaway, rather technical in nature. Perhaps you will want to answer them for the record if the information is not available today.

RECONNAISSANCE UNITS

I understand that we have a couple of reconnaissance units of the Air National Guard, the Duluth and Birmingham squadrons, which now have a commitment to the rapid deployment force; is that right?

General **CONAWAY**. Yes; those are 2 of our 15 units.

Senator **LEVIN**. The question I have is this, in the area of their avionics equipment are they compatible with the regular forces which are also committed to the RDF, or should we be upgrading those avionics units so that there will be compatibility?

General **CONAWAY**. We are working with Air Force to upgrade these. Some of the RF-4's in the Active Air Force are upgraded with specialized equipment, but there are RF-4's in the active component that have the same capability as our Air National Guard RF-4's. It will vary from unit to unit and location to location.

The Air National Guard is committed to the RDF in the RF-4 business.

We are working with the Air force for such things as the ARN-101, the upgraded avionics systems and some other radar updates. There is money in the POM to update these systems in the next few years.

Senator **LEVIN**. What percentage of the regular Air Force planes are upgraded in that regard and what percentage are not? You said there are some that are not yet upgraded. So, you are not totally incompatible.

General CONAWAY. Yes; that is correct.

Senator LEVIN. Does the vast majority of the regular Air Force planes have those upgrades?

General CONAWAY. No; I think it is only two squadrons. There are 14 tactical reconnaissance squadrons in the Active and the Guard. We have seven and the Active Air Force has six in the RF-4's. There are only a couple of what we call "smart" tactical reconnaissance squadrons; the rest are all basically the same.

Senator LEVIN. So, the upgrading has to take place essentially both in the regular Air Force and in the National Guard.

General CONAWAY. That is correct.

Senator LEVIN. Thank you, Mr. Chairman.

Senator HUMPHREY. General Gill?

STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE

General GILL. Thank you, Mr. Chairman. This is my first appearance before this subcommittee and I would like to add my thanks along with those of General Conaway to the members of the committee and the staff for their support of the Air Force Reserve program in the past.

I appreciate the opportunity to review with you the Air Force Reserve O&M programs. Also, I would like to submit a statement for the record but I will highlight the points that I believe to be of particular interest to this subcommittee.

First of all, I am very pleased to report to you that the Air Force Reserve is stronger than it has ever been.

MOBILIZATION

All units can be mobilized within 24 hours and we can deploy to overseas locations within 72 hours.

All of our equipped flying units are combat ready with the exception of six units that are either converting to newer aircraft or they are new starts.

All of our six associate strategic airlift wings are ready.

The keys to the Reserve effectiveness have been and continue to be modern equipment, meaningful missions, our dedicated technician and Reserve personnel, and the strong support that we get from the Active Force.

In short, the Air Force Reserve is fulfilling its peacetime mission and is ready to fulfill its wartime mission if called upon.

Since the subject of this hearing is our O&M program, I would like to briefly discuss the nature of O&M, what O&M buys, and its relationship with the Air Force readiness.

The O&M appropriation finances the day-to-day cost of operating and maintaining the Air Force Reserve, excluding military pay and allowances. These funds include amounts for aviation fuel, supplies, repair and overhaul of weapon systems, pay of civilians, contract services and maintenance of equipment and facilities. The health, morale, and welfare of the makers of readiness—people—are directly dependent upon that level of O&M funding.

FLYING OPERATIONS SUPPORT

Approximately 81 percent of the total O&M Air Force Reserve budget goes directly for support of flying operations. Virtually all of the depot maintenance, all of the aviation petroleum, oil and lubricants, and approximately 56 percent of the supplies that are purchased with O&M funds are used to support flying operations.

Depot maintenance provides for centralized maintenance of aircraft, engines, other major equipment and exchangeable subassemblies and components. Funds spent for depot maintenance either maintain or improve that wartime capability.

Realistic training is conducted by participation in byproduct missions, JCS and Air Force training exercises. Just for an example, sir, I would like to point out that in our C-141 and C-5 associate program, Air Force Reserve aircrews make up 50 percent of the aircrews and 40 percent of the maintenance capability.

So, at any one given time if you take a snapshot of the C-5's and 141's operating outside the continental United States, you will find that approximately one-third of them are manned with Air Force Reserve crew members.

Also, we have nearly 500 people who are at MAC installations throughout the world; about 250 of them are en route maintenance personnel and another 250 of them are aerial port personnel. They are doing their 2-week training at MAC terminals and en route bases, doing exactly what they would be doing in wartime.

We also of course are tasked by the Commerce Department for 70 percent of the hurricane surveillance for the United States. All of this is done in many cases as a byproduct of training and it is certainly a good buy for the taxpayer.

Air Force Reserve units as well as Air National Guard units also deploy to overseas locations to exercise global readiness and realistic training in the environment where they will fly and fight. We think that is probably one of the best buys that we do get.

O&M funding is required for maintenance of real property and other civil engineering activities. Many of the facilities required by the Air Force Reserve are the supporting structure for readiness, maintenance hangars, aircraft shelters, and runways.

AIR FORCE RESERVE READINESS

There are several reasons that we have been successful in maintaining readiness in the Air Force Reserve. The continued strong support of the Active Force has been instrumental in our success. The Air Force leadership has provided us with interesting and challenging missions. They have established the wartime training requirements and then they inspect us to see that we have met those requirements.

They also support us in management of reservists by reservists. A major measure of our force quality is the performance during operational readiness inspections. Fourteen of our units successfully completed their ORI's last year with very high marks; eight were graded excellent and one was outstanding.

This degree of readiness demonstrates that the Air Force Reserve is a highly capable, full-fledged member of the Total Force team.

Our safety record for this last year was exemplary. The Air Force Reserve accident rate was just 0.8 per 100,000 flying hours with no operational fatalities. This fact, coupled with our very active unit conversion program, tells me that my commanders are very effective in managing the operations and maintenance personnel who generate our flying program.

Another basis for our high level of readiness is the military technician program. Military technicians, also referred to as Air Reserve technicians, are full-time employees of our Selected Reserve units who provide critical technical support and contribute significantly to our mobilizational readiness.

Military technicians serve in a dual-status role, serving both as civil service employees and as selected reservists. This dual-status approach is designed to:

One, improve the mobilizational readiness of Air Force Reserve units.

Two, to insure the continuity of service prior to, during, and after mobilization.

Third, guarantee their presence to the unit in an emergency.

In summary, while the warfighting capability and readiness role of the Air Force Reserve continues to be an important element within the Air Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit and retain the people we need to assure that we are able to fly and fight at any time.

That concludes my statement, Mr. Chairman. I will be glad to respond to any questions.

[The prepared statement of Maj. Gen. Sloan R. Gill follows:]

PREPARED STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE, HQ USAF

Mr. Chairman and members of the committee: I appreciate the opportunity to discuss with you the Air Force Reserve Operation and Maintenance programs. All reserve units can be mobilized in 24 hours and deployed within 72 hours. The keys to Reserve effectiveness have been, and continue to be, modern equipment, meaningful missions, our dedicated Technician and Reserve personnel and the strong support of the Active Force. This has resulted in a high state of readiness in our force.

As of January 1983, all of our equipped flying units were combat ready with the exception of 3 units converting to newer aircraft and 3 units being newly activated. These units are: C-130E unit converting from C-130B's (Westover AFB); C-130H unit converting from C-7A (Dobbins AFB); A-10 unit converting from C-130's (Richards-Gebaur AFB); C-130B unit activating (Peterson AFB); F-4D unit activating (Wright Patterson AFB); KC-10A associate unit activating (March AFB).

All six of our associate strategic airlift wings were combat ready. Additionally, each of the three KC-135 tanker squadrons maintains constant readiness on daily alert.

In fiscal year 1984, the Air Force Reserve will continue to modernize both its airlift and fighter forces. On the airlift side, we will convert the last C-7 unit, at Maxwell AFB, Alabama, to the more capable C-130E in the first quarter of fiscal year 1984. Our fighter forces will realize two significant changes. First, the F-4C unit at Homestead AFB, Florida will convert to F-4D model aircraft, again in the first quarter of fiscal year 1984. And, in the second quarter of fiscal year 1984, we will retire the last F-105 aircraft and replace it with the F-16. Replacing the C-7, F-4C, and F-105 aircraft will make the Air Force Reserve a much more capable partner in the Total Force. These actions will result in the Air Force Reserve being equipped with basically the same type aircraft as the Active Force.

Since the subject of this hearing is our O&M programs, I would like to briefly discuss the nature of O&M or what O&M buys, and its relationship to Air Force readiness.

The military posture and capability of the Nation has traditionally been measured in terms of troop strengths and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. Any assessment of military capability based exclusively on quantitative analysis ignores the essential elements of combat readiness and sustainability. Readiness can be defined as the ability of military forces, units, weapon systems, equipment and personnel to perform the functions for which they have been designed, organized and trained. To optimally employ our weapon systems, the operation and maintenance supporting structure must be in balance with the force structure it supports. Regardless of age or sophistication, the readiness of our weapon systems is dependent, in large measure, upon the adequacy of O&M funding. The Operation and Maintenance appropriation finances the day-to-day costs of operating and maintaining the Air Force Reserve (excluding military pay and allowances). These funds include amounts for aviation fuel, supplies, repair and overhaul of weapon systems, pay of civilians, contract services and maintenance of equipment and facilities. The financial requirements for this appropriation are influenced by force levels and activity indicators such as the number and type of aircraft, number of aircraft sorties and flying hours, deployments, readiness objectives, and the quantity and complexity of equipment to be maintained. O&M buys such as array of programs and elements that support operational missions, as well as such a volume and variety of goods and services, that it is difficult to grasp the full range and importance of the account.

In many respects, the O&M appropriation can be thought of as the glue that holds together and sustains the acquisitions made through other appropriations, including the acquisition of people through the Reserve Personnel appropriation. For example, hardware bought with procurement appropriations is operated and maintained with O&M funds. Facilities built with military construction financing are supported and maintained with O&M funds. The health, morale, and welfare of the makers of readiness—people—are directly dependent upon the level of O&M funding. O&M also buys the training our people need to operate and maintain equipment and facilities.

Approximately 81 percent of the total O&M, AFR budget goes directly for support of flying operations. Virtually all of the depot maintenance, all of the aviation petroleum—oil—lubricants (AVPOL), and approximately 56 percent of supplies purchased with O&M funds, are used to support flying operations.

Aviation POL is the fuel consumed in the flight of aircraft and in maintenance and testing of engines. Flying hour supplies are the replacement parts used by field maintenance organizations to repair aircraft.

Depot maintenance provides for centralized maintenance of aircraft, engines, other major equipment, and exchangeable subassemblies and components. Funds spent for depot maintenance either maintain or improve wartime fighting capability. Training for combat must be rigorous because wartime requirements will be rigorous. Under the stress of training, equipment can deteriorate rapidly. Since we will fight with the weapons we use for training, equipment which deteriorates must be restored or replaced. By restoring equipment to a ready state, depot maintenance eliminates the tremendous investment of replacement.

Approximately 7 percent of the O&M AFR budget is required for maintenance of real property and other civil engineering activities. Many of the facilities required by the Air Force Reserve are the supporting structure for readiness: maintenance hangars, aircraft shelters, and runways.

Training deployments and exercises produce other readiness benefits. Units based in the Conus can become more effective by deploying to Europe or other locations to train in the environment in which they may fight. These deployments and exercises require large expenditures of O&M funds but have a high payoff in readiness.

As Reservists train, they support requirements that would otherwise have to be fulfilled by Active Force resources. For example, in fiscal year 1982, Reserve crews of equipped units airlifted 5,500 tons of cargo, flew 86,700 passengers and air dropped nearly 40,000 troops as a by-product of their normal training missions. Additionally, Air Force Reserve associate C-141 and C-5 units flew more than 79,000 hours, and our associate aeromedical evacuation unit flew more than 1,900 missions, airlifting more than 41,000 patients. We also share rotational duty in Panama with the Air National Guard in support of United States Southern Command with six C-130 aircraft and seven crews six months each year. Additionally, Reserve crews and support units routinely participate in JSC and MAJCOM field training exercises and deployments. The performance of these missions exemplifies the Total Force team in action.

Reservists provide outstanding rescue support for launches and recovery of the Space Shuttle mission at Cape Canaveral, Florida. With regard to hurricane tracking, I should emphasize that, for the seventh consecutive year, our weather reconnaissance group flying out of Keesler AFB, Mississippi accomplished more than 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean; last year we tracked 7 hurricanes/storms.

In fiscal year 1982, Air Force Reserve rescue and recovery units flew 87 search and rescue missions and 12 Military Assistance for Safety and Traffic [MAST] missions, and were officially credited with saving 81 lives. One mission of particular significance was the recovery of five mountain climbers trapped by an avalanche above the ten thousand foot level on Mount Hood in Oregon. The crew, operating at the performance limits of the helicopter, was credited with four lives saved.

At present, the Air Force Reserve provides almost 50 percent of the aircrews and approximately 40 percent of the maintenance for MAC's C-141 and C-5 strategic airlift fleet. We have been partners in the C-141 program since 1968 and in the C-5 program since 1973. Our people, because of this long association, possess a great deal of expertise in maintaining and operating these weapons systems. Should some of these aircraft be considered for transfer from the Active Force to the Air Reserve Forces, our experience in these programs would make it logical to put these aircraft into the Air Force Reserve. The transfer could be made with minimal loss of combat readiness and minimal cost because we already have half the aircrews and 40 percent of the maintenance personnel trained and qualified.

Twenty seven percent of all tactical airlift is provided by the Air Force Reserve. Fifty percent of the crews for SAC's KC-10 tanker/cargo aircraft will be Reservists. Nearly 25 percent of the Air Force intelligence resources are Reservists. Also, with the acceptance of the A-10 fighter, Reservists are flying new first line fighter aircraft. Currently Reservists contribute almost 60 percent of the Aircraft Battle Damage Repair personnel in six Air Force Logistics Command gained Combat Logistics Support Squadrons. The Air Force Reserve also provides 13 percent of all Air Force civil engineers, 10 percent of the Red Horse manpower and equipment, and 47 percent of the MAC aerial port personnel.

Another basis for our high level of readiness is the Military Technician program. Military Technicians [MTs], also referred to as Air Reserve Technicians, are full-time employees of our Selected Reserve units who provide critical technical support and contribute significantly to our mobilization readiness. MTs serve in a "dual status" role serving both as Civil Service employees and Selected Reservists. They must be qualified under both Civil Service and military criteria and must, as a condition of employment, be assigned to and maintain active Reserve status in the unit where the position is located. This "dual status" approach is designed to: (1) improve the mobilization readiness of Air Force Reserve units; (2) insure continuity of service prior to, during, and after mobilization; and (3) guarantee their presence to the unit in an emergency. The high skill level and stability of the technican force are critical factors in sustaining our operational readiness and capability in support of the Active Force. Stability is, and will continue to be, one of the major reasons we have been able to attract and retain individuals who possess the highly technical skills needed to assure readiness. The Military Technician program has proven to be a cost-effective practical means of managing the Air Force Reserve, and has resulted in a strong readiness posture.

In the Air Force Reserve our two basic resources are equipment and people. People are by far the more important. Only through their dedication to the role of citizen—airman and the support they receive from their families and communities can we accomplish our primary mission of training for mobilization. Their talent, personal sacrifice and dedication to mission accomplishment were again proven during the many exercises and deployments such as Bright Star 82 and Reforger 82. The wide scope and complexity of these exercises and the professionalism of our Reservists attests to our readiness and "can do" spirit as a highly capable force withing our country's defense structure.

The fiscal year 1984 Operation and Maintenance budget request is $815.0 million, an increase of $50.0 million over fiscal year 1983. However, $14.0 million of this increase is the result of unfinanced fuel, health benefits, medicare and pay raise absorption for fiscal year 1983 operations.

In summary, while the warfighting capability and readiness role of the Air Force Reserve continues to be an important element within the Total Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit and retain the people needed to assure we are able and ready to fight at any time.

This concludes my statement Mr. Chairman. I will be glad to respond to questions.

Senator **Humphrey**. Thank you, General.

We will go into executive session now at the level of secret. I will ask those who do not have a clearance to leave the room at this time.

General Chain, will you appoint someone in your party to take responsibility for your party?

[Whereupon, at 2:38 p.m. the subcommittee adjourned, to resume in executive session.]

EXECUTIVE SESSION

The subcommittee met in executive session, pursuant to recess, at 2:40 p.m., in room 222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Senator **Humphrey**. Do you have a presentation you care to make in executive session, General Chain, or any of your colleagues?

General **Hansen**. I have some charts on sustainability of spare parts, if you are interested.

Senator **Humphrey**. Yes; we would like to see that.

[Charts deleted.]

General **Hansen**. The charts are very similar to those I showed you on munitions, which show basic sustainability. This one in particular portrays the fighter forces in the NATO scenario.

Once again, the requirement for spare parts is very, very similar to munitions. This reflects where we are today as far as sustainability.

As you can see by coming down the chart we have full capability for about the first [deleted] in wartime and then it trails on off. Can I have the next slide?

[Chart deleted.]

The next slide depicts where we will stand in 1987. As you can see, we have gotten somewhat better in terms of number of days of warfighting capability, now we are to [deleted]. But there will be a remarkable increase in our sustainability capability, if we fund the wartime requirement in 1986 but achieving the full capability with the 1985 POM as it is structured now will be in about the 1987, 1988 timeframe.

So, if the 1985 Air Force POM goes the way it is projected to now, we will have full warfighting capability in the [deleted] timeframe.

Those are spare parts, and those are the two charts that I have, sir.

Senator **Humphrey**. All right, what about POL, war reserve?

General **Hansen**. I can address that, sir. We look at our wartime POL by theater. Presently, in the NATO theater we have [deleted] days of fuel available to us.

The problem that we have in NATO is that the fuel distribution is dependent on a central European distribution system that is very vulnerable to sabotage which could cut off the main source of fuel.

We do have [deleted] days of fuel afloat with our near-term positioning ships that can react to any theater. In Southwest Asia we are in pretty bad shape. We have about [deleted] days' worth of fuel that is available to us. We are hoping that we will be able to make use of some of the host nation fuel that will hopefully be available to us.

In Korea we have [deleted] days of fuel that is prepositioned. However, in Japan there is an additional [deleted] days worth of fuel that is stockpiled.

Senator **Humphrey**. What would we do in a Southwest Asia deployment, how would we deal with that extreme shortage of fuel? What is the plan under—what is it, Central Command, is that the new name?

General **Chain**. Yes, sir, there is a U.S. CENTCOM and without getting into military war plans, it is quite obvious that if we got sent over there by National Command Authorities to fight and somebody over there has gas and we do not have any gas, we are going to get gas.

It would be very nice if we had prepositioned fuel of our own, but we will have host nation support [deleted].

Senator **Humphrey**. How can you be sure of that?

General **Chain**. If we are over there to fight on their behalf, I think we can be sure of it.

Senator **Humphrey**. All right.

General Hansen, yesterday we did not cover air-to-air, that is apparently not part of the munitions over which we have new authorizing jurisdiction. But can you cover that?

General **Hansen**. Sir, we talked with your staff this morning and we are compiling that information. We will provide that to you, sir.

I had hoped the information would be compiled today but unfortunately my staff put it together as a funded position and what you are looking for is actual capability. I had to ask them to go back and give it to us as capability that exists today. My staff projected it out to 1985 based on the projection of funding. We are not sure that is what we will end up with.

Senator **Humphrey**. Thank you very much, gentlemen. We appreciate your testimony and your time.

[The questions submitted for the hearing record follow:]

Questions Submitted by Senator Carl Levin

VISIBILITY OF PERFORMANCE OF AFLC'S

Senator **Levin**. What visibility does the Air Force Logistics Command [AFLC] currently have over the performance of its 5 air logistics centers in obtaining maximum cancellation of on-order stocks exceeding termination levels? Does AFLC have statistics for 1982 from each air logistics center showing the number of (1) termination notices for on-order stocks on purchase requests and their value, (2) termination notices for on-order stocks on contract and their value, and (3) termination notices which resulted in cancellation/termination actions and their value broken out by purchase request and by contract?

General **Hansen**. The centers are required to establish review teams and make quarterly reviews of randomly selected items to determine the validity of on-order decisions. The results of these reviews will be provided to the Headquarters, AFLC beginning with the third quarter of fiscal year 1983. This management information system will enable AFLC to monitor and evaluate the performance of the Air Logistics Centers in making maximum reductions in on-order stocks exceeding requirements. The centers are unable to provide the 1982 statistics requested.

DOLLAR VALUE OF ON-ORDER STOCKS

Senator **Levin**. For the quarter ending March 31, 1983, what was the dollar value of on-order stocks exceeding termination levels reported to AFLC by the 5 air logistics centers? What was the dollar value and rate of cancellation for the reported excess on-order stocks?

General **Hansen**. The March 31, 1983 data have not been accumulated. As of December 31, 1982, the total AFLC dollar value of on-order stocks exceeding termination levels was $148.0 million. The dollar value and rate of cancellation are not reported to AFLC.

DISCOUNT ON ORIGINAL REQUEST FIGURE

Senator **Levin**. In requesting a fiscal year 1984 appropriation of $1.6 billion to increase system support stock fund capitalization, what consideration was given by AFLC to potential maximum cancellations of excess on-order stocks? Specifically, how much was the original request figure discounted to reflect maximum cancellation of excess on-order stocks by air centers?

General **Hansen**. The $1.6 billion fiscal year 1984 appropriation request represents the total Air Force Stock Fund requirement for peacetime inventory build and War Reserve Materiel (WRM). Included in this amount are the Systems Support Division's (SSD) requirements of $1.239 billion and $60.3 million for peacetime inventory and WRM respectively. Congressional direction requires both WRM requirements and peacetime inventory increases required for force modernization and expansion be supported by appropriated funding. All other SSD inventory requirements are supported through normal stock fund obligation authority financed by sales to customers. Cancellation of excess on-order stocks would recoup obligation authority of this nature. As such, it would have no impact toward discounting the SSD appropriated funding requirement and was therefore not considered.

MAXIMUM RATES OF DOLLAR CANCELLATIONS

Senator **Levin**. GAO's report dated February 1983 on the continuing need for improvements in Air Force procedures and practices for identifying and cancelling excess on-order stocks and an earlier GAO report on the same subject issued in October 1979 indicate that an on-order excess dollar cancellation rate of 26 percent or more is achievable through maximum performance by air logistics centers. In contrast the centers historically have cancelled less than 6 percent of the dollar value of on-order stocks exceeding termination levels. What are the Air Force's views on the maximum rates of dollar cancellations of on-order excesses achievable by air centers?

General **Hansen**. The Air Force has no basis for establishing maximum cancellation rates. It is Air Force policy to terminate all on-order excess materiel after a thorough review by the item manager and if such action is economical.

SLIP OF TARGET DATE

Senator **Levin**. In response to GAO's earlier report dated October 1979, the Air Force agreed to revise the standard automated system at air centers to provide for (1) monthly, rather than quarterly, repeat on-order termination notices, and (2) cutting back on-order stocks exceeding termination levels (6 to 12 month of supply above requirements) to requirement objectives, rather than termination levels as was previously done. The Air Force originally advised GAO that these actions would be accomplished by August 1981. Why has the target date for accomplishment of these actions slipped by 2 years? What is the current status of the promised actions?

General **Hansen**. The target date for accomplishment of these actions was slipped due to an automated data processing equipment conversion by AFLC. The revised standard automated system is scheduled to be implemented in June 1983.

POSITION CONSISTENT

Senator **Levin**. In response to GAO's February 1983 and October 1979 report the Air Force could not provide adequate justification for use of a 6 to 12 month on-order buffer level of stocks above requirements in computing termination levels, yet the Air Force continues to insist that these additional levels of on-order stocks are needed to protect against uneconomical terminations and stock outs. Is this position consistent with the Air Force's July 1980 economical termination study which shows that a 3-month buffer level of on-order stocks provides the same protection as a 6-month or higher buffer level? Also, is this position consistent with the fact the Air

Force already has a build in on-order buffer level of 3 months in that its minimum 6-month economical order quantity is twice that recommended by DOD and used by the order services and DLA?

General **Hansen**. The purpose of the 6 month buffer is to minimize the vacillation of items between buy and termination positions. The Air Force study on termination addressed the cost benefits of cancelling purchase requests not the termination of contracts. The study did not clearly demonstrate that a 3 month buffer level provides the same protection as a 6 month buffer. The study only demonstrated the need for a termination level.

VIEWS/ACTIONS

Senator **Levin**. GAO's February 1983 and October 1979 reports are replete with examples of where air centers did not cancel on-order excesses because of a continuing need even though at the time there were several years supply on-hand and on-order (as much as 15 years of supply) and the items were experiencing a declining usage trend. What are AFLC's views on this matter and what actions have been taken by AFLC in 1983 to emphasize to its air centers the importance of maximum reductions in excess on-order stocks?

General **Hansen**. The examples cited in the reports did not have several years of supply on hand when decisions were made to not terminate. The item manager must make decisions based on available projected usage data and program information. Actual usage and program activity data comparisons with projected data will generally show errors that could not be avoided without perfect knowledge of the future. AFLC has established a management information system which will enable the headquarters to monitor and evaluate the performance of the Air Logistics Centers in making maximum reductions in on-order stocks exceeding requirements. The centers are required to establish review teams and make quarterly reviews of randomly selected items to determine the validity of on-order decisions. The results of these reviews will be provided to the Headquarters, AFLC beginning with the third quarter of fiscal year 1983.

UNITS COMMITTED TO RAPID DEPLOYMENT

Senator **Levin**. General Conaway, the committee understands that two reconnaissance units of the Air National Guard, the Duluth and Birmingham squadrons, have a commitment to the Rapid Deployment Force. Is that correct?

General **Conaway**. Yes, I have two squadrons committed to the RDF for reconnaissance purposes.

RF-4'S COMPATIBILITY

Senator **Levin**. Are the RF-4s in these National Guard squadrons compatible with the F-4s in the regular forces which are also committed to the RDF? What decline in combat readiness/effectiveness results from any incompatibilities and in which areas (logistics tactics, weapons, etc.)?

General **Conaway**. Yes, they are generally compatible in engine and airframe, however they are very different in avionics—regular force aircraft have been upgraded with a digital avionics system called the ARN-101. This dissimilarity of avionics equipment complicates the supply and maintenance of the combined RF-4 fleet. The ARN-101 system significantly increases the war fighting capability and vastly improves the survivability of the aircraft equipped with it—on the other hand my aircraft are severely limited in tactical application and I am greatly concerned that they will not survive in the high threat environment we know exists.

MODERNIZING RF-4S

Senator **Levin**. The committee has some concern that the dissimilarities between the ANG aircraft and the regular force aircraft in their avionics equipment will give the RDF commander unnecessary logistics problems. Has the ANG considered modernizing the RF-4s of the ANG in order to make them logistically and tactically compatible with the regular force aircraft?

General **Conaway**. Yes sir; this has been my plan since I became Director of the Air National Guard. However, in competition with all other Air Force programs, this modernization was not ranked high enough on the priority list to be funded.

AVIONICS MODIFICATION

Senator **Levin**. How much money does the Guard need for this avionics modification of their RF-4 aircraft?

General **Conaway**. There is no money budgeted in either fiscal year 1983 or fiscal year 1984 for this modification. It competes for funding with all other Air Force programs but was not ranked high enough on the priority list to be funded. If funds were available we could take advantage of some significant cost savings by adding this procurement to an existing on-going production of the ARN-101 avionics system for USAF F-4Gs. I understand that this production will wind down early in 1986. In order to take advantage of the savings by joining this production run, $20 million would be required in the fiscal year 1984 budget to start the modification program. That would complete the modification of RDF/NATO dual tasked squadrons.

MODIFICATION OF RF-4C SQUADRONS

Senator **Levin**. Does the ANG have additional RF-4C squadrons that, in your opinion, should be modified with the ARN-101 in the event total ANG mobilization would be required, and if so, how many aircraft are involved?

General **Conaway**. Yes sir, there are 106 additional aircraft in five other squadrons which comprise over 50 percent of the tactical reconnaissance resources.

COST TO MODIFY RF-4C FLEET

Senator **Levin**. What would be the cost to modify the remainder of the ANG RF-4C fleet?

General **Conaway**. Spread over fiscal year 1985, 1986, and 1987, it would be about $20 million per year.

UPGRADE OF RF-4 AVIONICS

Senator **Levin**. If the RF-16 is not affordable would you consider upgrading the RF-4 avionics?

General **Conaway**. Yes. We consider an avionics upgrade to the RF-4 essential. Even a if replacement aircraft were programmed, the RF-4 would collect a significant portion of our reconnaissance until the late 1990s. The aircraft must have this avionics update to be maintainable, survivable, and effective in combat during this period.

Senator **Humphrey**. The subcommittee stands adjourned.

[Whereupon, at 2:45 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

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